Dietrich Eichholtz

History of the German war economy 1939-1945

Volume I: 1939-1941
Volume II/ 1 and 2: 1941-1943
Volume III/ 1 and 2: 1943-1945

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Volume I

1939 -1941

K G Saur Munich 2003

The present edition is a reprint of the 1969 to 1996
published by Akademie Verlag, Berlin, in three volumes,
supplemented by a preface, critical marginal notes and a complete index:
Volume I: 3rd, revised edition 1984, Volume II: 1985, Volume III: 1996.

Bibliographic Information of the German Library
The German Library lists this publication
in the German National Bibliography; detailed bibliographic data is
available on the Internet at *http://dnb.ddb.de.*

Printed on acid-free paper
O 2003 by K. G. Saur Verlag GmbH, Munich
Printed in Germany
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Printing/Binding: Druckhaus Beltz, Hemsbach
ISBN 3- 598 -11635 -7 (5 volumes)

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Preface to the complete edition 1999

This is an unaltered, faithful reprint of the three-volume "Ge- schichte der deutschen Kriegswirtschaft 1939-1945" (bound in five volumes). The new edition of this work is a special publishing feat. Published from 1969 to 1996, it has never been available on the market in its entirety due to the circumstances and is now completely out of print. The unedited new edition offers the only opportunity to make it available to the interested public within a short period of time. Volume I went through three editions (1969; 1971; 1984). Volume II was published in 1985; a probably not insignificant remainder of its print run disappeared in the "Wende" panic of 1989/90 in a way that cannot be fully explained to this day, together with hundreds of thousands of other GDR books fresh from the press. Volume Ifl was published in the fall of 1996 and has been out of print since the beginning of 1998.

At the time of publication, each volume was regarded as an academic tour de force and was at the forefront of international research due to the wealth of sources and figures published for the first time. In the detailed analysis of this material, the work broke new ground right from the start, which attracted international attention.

The former doyen of West German economic historiography, Wilhelm Treue, already recognized the merits of this analysis when the first volume was published, albeit with great reluctance due to the sharpness of the debates about the Nazi past at the time: The justification and assertion of a counter-position against the prevailing arch-conservative trend of largely ignoring the expansion and war aims of German big business, its involvement in war preparations, "reorganization" and plundering policies and the denial of its decisive co-responsibility for the Nazi crimes already on record in the Nuremberg trials. (Die Zeit, January 9, 1970, "GDR attack against the 'monopolies'")

From the outset, the aim of the publication as a whole was to cover the topic in its entire breadth and thus also to process the available statistical data. A number of distinguished colleagues and friends have made valuable contributions to certain subject areas that could not be covered by one author alone and have helped to ensure that the work at least comes very close to achieving this goal.

The focus and particular strengths of the whole are in the following areas:
1) Imperialist economic expansionism: The economic imperialism of German big business, a cause of the war that was always underestimated, was evident in the war plans of leading corporations and major banks and especially in their monstrous plans for the "reorganization" of Europe and the world. Expansionism and revanchism were the motives behind the fact that key circles of the economic elite were already closely associated with the political and military leadership of the Nazi regime in the run-up to the war; they laid the industrial foundations for the war and outlined the regime's economic strategy for continental and ultimately global conquests. In the second half of the war, their "reorganization" plans turned into extensive planning and preparations for the post-war period.
2) Military-industrial complex (armaments and war economy leadership structures, production regulation): After a chaotic lack of conception in economic management during the first ("Blitzkrieg") phase, the Reich Ministry of Armaments and Munitions (later Armaments and War Production) and the large armaments companies closely associated with it largely ousted the traditional armaments institutions (Wehrmacht and ministry bureaucracy) from the management of the war economy. From 1941/42 onwards, the armaments companies exercised the dominant regulatory power in the war economy in their "self-responsibility" organization by means of the power delegated to them by the Ministry. This particular form of the military-industrial complex changed the production and corporate structures. It led to rapidly growing production output and at the same time to an investment boom in the armaments industry on an unprecedented scale, enabling it to make enormous profits that were carefully concealed from the public. These processes had serious consequences for the post-war development of the Federal Republic of Germany'1.
3) Plundering, exploitation and "Aryanization" in the occupied countries: While the Wehrmacht seized the spoils of war - weapons, armaments, raw materials - and
After years of living out of the occupied countries, the German economic authorities, big industry under Fühning of the Reichsgruppe Industrie and the economic groups and the big banks set about realizing a European "new order" based on terror, racism and mass murder. Their interest was primarily in penetrating the economy and capital relations of the occupied Western European countries and appropriating the enormous economic resources of the USSR
4) Forced labor: The German authorities and companies subjected many millions of foreign civilians, prisoners of war and concentration camp inmates, including a considerable proportion of the working population in the occupied territories, to a forced labor regime that was unsurpassed in its inhumanity. According to the arbitrary scale of a racist "order", bondage and coercion, working conditions, material misery, hunger and moral degradation were graded in many ways and down to the smallest detail. The forced labor of concentration camp prisoners was a special form of mass murder and genocide ("extermination through labor"). The forced labor of entire populations was also part of the war aims of the Nazi Fühning and the German elites ("large-scale military economy"; "reorganization" of Europe; qGeneral Plan East").

In these areas lie mortgages of German history that have by no means been settled even after 60 years, as a glance at the current news reports on "reparations" and compensation for Holocaust victims, concentration camp prisoners and forced laborers shows.

A work whose volumes were written over the course of 30 years justifiably takes on the character of a historical edition, which certainly requires critical reflection, all the more so as this is one of the rare cases in which a work appeared in part as the recognized work of a GDR historian, and in part found its successful conclusion after the demise of the GDR in unified Germany - a fact which is itself of historical interest for today's "GDR research".

Thirty years after its publication, the first volume is of course in need of updating, especially in terms of incorporating the latest knowledge, i.e. new and newly accessible sources and a very large number of publications that have appeared in the meantime. However, it already contains the common analytical thread of the entire work and offers - for example in the document appendix, which makes up more than a third of the volume's text - a wealth of then completely unknown, almost sensational source material, which unfortunately has been rather neglected to this day

More worthy of criticism are certain other weaknesses in this volume, which can also be found to a lesser extent in parts of the second volume. Gustavo Corni (Universiti di Trento) has clearly noted them in his introduction. In my humble opinion, these weaknesses lie in the manner of analysis and even more so in the way in which it is presented. Not in the anti-fascist "partisanship" - which is entirely justifiable, indeed necessary and to be demanded - but in a very noticeable but unnecessary ideologization and politicization in some passages, which can be explained by the atmosphere of the Cold War and the ideological disputes remembered by all contemporaries, in which things were not always loyal even among colleagues - especially between Marxist and conservative colleagues. Ideologizing takes place, for example, when a continuity between fascist (Nazi) and West German capitalism is merely emphasized boldly without (as in the third volume) concretely analysing connections and lines of development; or when the author's self-evident partisanship for socialism as a world view and social system to be aspired to lacks the necessary logical relationship to "real existing socialism".

Finally, the hypertrophy of terms borrowed from Lenin's, Hilferding's and others' theories of imperialism (monopolies; finance capital) and the overuse of terms such as monopoly groups, state-monopoly groupings, state-monopoly regulatory mechanism, which were under heated discussion at the time, had a disturbing effect.
etc., which are by no means convincing simply because of their accumulation. In terms of content, however, these were and still are important concepts and theses for the debate on National Socialism that are worthy of discussion, and with which Marxist research largely came up against a wall of ignorance, harsh rejection and silence among the authoritative historians of the West, although they were based on a wealth of new sources.
Overall, there is a wealth of starting points for fruitful professional discussions and suggestions for further research, such as those that have previously dealt with

the relationship between politics and economics, warfare and the war economy. Such discussions have generally been very fruitful. The progress of thought and research on these and other issues can be seen clearly enough in the work itself.

The new edition is supplemented by the above-mentioned critical introduction, which was kindly written by Gustavo Corni, an expert well acquainted with the subject matter, and this preface. The indexes of the three volumes are summarized at the end of the last volume, and a new index of places has been compiled. Furthermore, a film concordance has been compiled for all three volumes. I would like to thank Martina Dietrich, Helma Kaden and Heidemarie Knischwim for this work

June 1999 Dietrich Eichholtz

Critical comments

By Gustavo Corni (University of Trento)

One of the consequences of the reunification of Germany in 1990 was the dissolution of the entire apparatus of historical research in the now vanished German Democratic Republic. Under the accusation of having supported the communist regime (the "second German dictatorship") with their research and teaching activities, most historians were dismissed or forced to retire early. The research centers, which - according to the Soviet model - were under the Academy of Sciences, were closed. With perhaps excessive haste, the aim was to write the death certificate of a discipline that has given many signs of its vitality in more than 40 years.

Very little remained of this clear-cutting, in which hundreds of people were painfully involved. The plans to offer transitional solutions to a certain, limited number of researchers from the dissolved republic were further reduced as a result of the difficult budgetary situation in today's Germany. At the (partly new) universities in the new federal states, you can count on your fingers the number of teachers who spent their academic careers in communist Germany.

' The role of GDR historiography in the legitimization of the communist regime has also given rise to an intense publishing activity, which has also cncntinued the academic debate. In order to set the framework of the debate, I will only mention R. Eckert/W. Kßnler/G. Secbcr (eds.\ Crisis - Upheaval - New Beginnings. Eine kritische und sclbstkritische Dokumen- taäon der DDR-Geschichtswissenschaft, Stuttgart 1992 (with an essay by Eichholtz); G. Corni (Hrsg.\ l muri della storia. Storici c storiogmfia dallc dittature alle dcmocrazic 1945-1990, Trieste 1996. Cf. also the study by I. S. Kowalczuk, Legitimation eines neuen Staates. Partciarbcitcr an der histori- schen From Berlin 1997.

[2] Cf. the contributions by J. Kocka and E. Weinzierl in Sulla "Abwicklung" nel1'cxDDR. In: Quadcmi storici, 27, 1992.
For a general overview, I refer to my essay La ricerca storica marxista-leninista ncll- DDR. In: P. Rossi (ed.), La storiografia contcmporanca, Indirizzi c problcmc, Milano 1987.

In this bleak panorama, it therefore seems surprising that an important, multi-volume study such as Dietrich Eichholtz's "History of the German War Economy 1939-1945" has come to its conclusion.

The first volume of this work was published in 1969, the second edition in 1971 and the third in 1984, on the occasion of the publication of the second volume (1985). The third volume was published in 1996, like the others by Akademie Verlag in Berlin, the official publishing house of the Academy of Sciences of the GDR

A few figures that shed light on the "weight" of this work, which completes a forty-year research career: the first volume comprised 408 pages, the second 713 and the third even 803. While the first volume was entirely the work of Eichholtz, the two following volumes contained contributions by other scholars. The second volume contains an extensive chapter on "German agriculture during the war" by the Stecker historian Joachim Lehmann, a specialist in agricultural history. Four co-authors are represented in the third volume. Karl Heinz Roth (Bremen) has written an important chapter on "Economic preparations for the end of the war and post-war planning"; Berthold Puchert (Potsdam) is the author of the chapter - more or less a monograph - "German foreign trade in the Second World War"; Manfred Ocrtel (Stral- sund) has written a chapter on the financing of the war effort; Hagen Fleischer (Athens) contributes documentation on "Everyday occupation life on Crete 1943- 1944".

It is evident that a work of this magnitude, which has filled the greater part of a scientist's life, had to be realized with contributions from outside, and it is a strength of the author - not a weakness, I think - to have acknowledged his "limitations" in this way.

The scope of the archival and documentary basis increased from volume to volume. While in the first volume the (very extensive) documentation came exclusively from archives of the GDR, above all from the Central State Archives, in the two following volumes the archival basis has been considerably expanded and finally includes numerous holdings from the Federal Archives in Koblenz, from archives of Western companies and from foreign archives. However, there are no references to Soviet archives at all.

One of the merits of the work is that Eichholtz has summarized the most striking data of his investigations in the form of tables and statistics: 206 in the second and 164 in the third volume, both made easier to use by an index

As far as the first volume is concerned, it seems to me that the author uses an approach that was characteristic of that part of Marxist-orthodox historical research in the GDR - which was in the minority - that laboriously tried to make room for new methodological and analytical approaches and conclusions. These historians made the rigid corset of orthodoxy more flexible, which applied particularly to modern history. Thus the introductory pages are still written in the traditional style of orthodoxy, and the first footnote refers, as is obligatory, to a work by Walter Ulbricht. In this volume, however, Eichholtz seeks ways to a more flexible reading of the dominant theory of the so-called Stamokap ("state-monopoly capitalism"). He maintains the identity of interests between finance capital and the state and pays tribute to the thesis of the imminent crisis of the capitalist system; but he speaks of a

"new role of state power" (I, 5) and of dialectical interrelations between the political and economic spheres.

In his view, "certain monopolies, groups of monopolies or even entire monopoly groups (coal/iron/steel; chemicals/electrical industry) grew together with certain parts of the state apparatus and party apparatus" (I, 9); this interdependence also formed the basis for "heated disputes" (I, 15) about the best strategy for winning **denge** the war without disturbing the delicate internal social equilibrium. CO, he explains that in 1936 the victory of Goring and his "Four-Year Plan" as a strategy of forced war preparation was nothing more than a compromise between 'Qreitenmstung' and 'pTiefenrüstung' and that the 'JCanonen- statt-Butter' policy had insurmountable limits not only in economic but also in social terms.

Since the late 1950s, Eichholtz - born in Gdansk in 1930 and as a student and young scientist one of Jürgen Kuczynski's first pupils - has devoted himself to the outstanding economic historian of the GDR - the**Wirtschafts** history of Hitler's period and - more generally - the problem of fascism. He has also distinguished himself as a connoisseur of archival documentation. He was one of the first to examine the comprehensive plans for the economic and demographic restructuring of conquered (or to be conquered) Eastern Europe (pGeneralplan Ost") and, using previously unpublished documents, shed light on the first-ranking role played by wealthy capitalist corporations and groups in the exploitation of the occupied territories and the planning of a new economic "order" for the whole of Europe after the (victorious) end of the war. In this field, the historians of the GDR - Eichholtz in the front row - made a contribution which, seen with the eyes of today, must be regarded as original and useful, provided that the inevitable ideological component is left out. At that time, Western historians tended to neglect these aspects and focus their attention on Hitler and his ideology.

The Berlin historian carefully analyzes the aforementioned "reorganization" plans drawn up by the large monopolistic groups. He adopts a link

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' It is also correct to count Eichholtz among the originators of the so-called thesis of the "monopoly groups", which represented a step forward compared to traditional communist interpretations; see I. Kcrshaw, Der NS-Staat. Gcschichtsinterpretationen und Kontrovcrsen im Überblick, Reinbek 1994, p. 84.

' **In addition to** the "History of the German **War Economy", the** following should be mentioned: D. Eichholtz/K. **Gosswcilcr,** Noch einmal: Politik und Wirtschaft 1933-1945. in: Das Argument, 10 (1968). In general, the content of the authors**' debate** with T. ß4ason, which continues to be topical**,** I refer to my essay qTim ß4sson: 1'impogno e illaboratorio della storia soziale". In: Passato c Presents, 10 (1991), pp. 107-129; Eichlioltz's collaboration in the editorial and authorial collective of Deutschland im zweiten Weltkrieg, under the direction of W. Schumann (6 volumes, Berlin 1974-1985); D. EicliliolWK. **Gosswciler** (ed.,.), Fascism Research. Positionen, Probleme, Polcmik, Berlin 1980; D. Eichholtz/K. Petzold, Der Weg in den Krieg. Studien zur Geschichte der Vorkriegsjahre (1935/36 bis 1939), Berlin 1989; neuestcns D. Eichlioltz (ed.), Krieg und Wirtschaft. Studien zur deutschen Wirtschaftsgtschichte 1939-1945, Berlin 1999.

' See in particular D. Eichho1tz/W. Schumann (ed.), Anatomie des Krieges. Neue Dokumente zur Rolle des deutschcn ß4onopolkapitals bei der Vorbereitung und Durchfilhrung des zweiten Weltkrieges, Berlin 1969. See also the document appendix in the previous volume 1.

The German economic elite was divided into "groupings" whose goals and strategies diverged to some extent. In any case, they all had two goals in common with the National Socialists: to eliminate the order established by the Versailles Peace Treaty and to "reorganize" Europe, including the spaces and resources of the East.

A second focus of the author's analysis in this volume concerns "The situation of working people after the beginning of the war" (Chapter II). His position is also not lacking in nuance on this topic, which is fundamental to the Mamist orthodoxy. According to ilun, the regime always endeavored to keep the working class, whose objectively antagonistic position it feared, under the strictest control. Terror alone was not enough to maintain social peace Eichholtz analyzes the demagogic measures and the extensive concessions that the regime had to make in order to achieve its goal.

In the third chapter, Eichholtz traces the far-reaching transformations that took place in the management system of the economy during the initial phase of the war. Here, too, he emphasizes how, on the one hand, economic and political interests were interrelated and, on the other hand, sharp breaks and contradictions were part of the order. Thus he observes that G4ring, officially still head of the entire wartime economy, long failed to pursue a policy of least resistance aimed at minimizing the contradictions and frictions. The chapter focuses on the formation of the Reich Ministry of Armaments and Munitions under Fritz Todt, which was already a sign of the failure of Gdring's conception

The topic of the economic expansion of German industrial companies and banks, already mentioned as the focus of the entire work, is dealt with in the fourth chapter of the volume.

"The first phase of the expansion of the German monopolies in Europe". The "reorganization" projects of the large companies are described in detail, with particular emphasis on the chemical giant IG Farben. Eichholtz identifies the following causal chain: "Economic strategy of the financial capitalist groupings - political strategy - military strategy - economic strategy and planning"; He adds that this is not a linear causality, since it is characterized by "complicated interactions, multiple translations and feedbacks", and concludes this decisive passage - which is certainly not free of ambiguities - with the thesis that in any case the groups of finance capital remain "the decisive, determining link" (I, 162).

The third and final chapter is devoted to the economic preparations for the war against the Soviet Union. On the one hand, it reflects the weight of the enormous soJcial resources in the planning of the German planners; on the other hand, the chapter can be understood in some passages as a further tribute to the orthodox canon. Here, too, Eichholtz emphasizes the role of large German companies and the close ties, including personnel ties, between the regime's economic institutions and the centers of economic power. In the author's opinion, the phase of the economy based on the "blitzkriegs" ended with the attack on the USSR, as it proved to be insufficient for the new stage of the conflict.

The second volume was not published until sixteen years after the first because, as the author mentions in the preface, other research commitments officially took precedence. At the same time, it underlines the continuity with the first volume in thematic and analytical terms. The volume begins with the "rearmament" of the summer of 1941 and its failure and continues with the

deals in detail with the organizational changes introduced in the war economy at the end of 1941/beginning of 1942 after the defeat in Moscow. These changes led to the gradual implementation of Todt's and later Albert Speer's strategy as opposed to that of Göring, who was primarily responsible for the previous course of only superficial and selective exploitation of Germany's economic war potential. Eichholtz believes that in this critical phase the fundamental decisions were neither made by Hitler alone nor were they the main work of Todt or Speer, but were initiated by the "top echelons of German financial capital" (II, 49). It must be said, however, that the author does not provide the source evidence here. It is true that Speer succeeded in enforcing the method of "self-responsibility of industry" and personally transferring the administration of the various power sectors to the industrial leaders. Nevertheless, such an expert on archival sources as the author provides no documentary evidence that it was the exponents of big business who provided the decision-making input. He must limit himself to showing (which is no small task) how many high-ranking exponents of industry were appointed to the various planning and management centers of the war economy.

The fourth chapter deals with the situation of the workers. The author presents the forms of exploitation of German and foreign (especially Soviet) workers in rich documentation. German workers were favored in every respect over foreign workers, who were subject to intensive exploitation. Here Eichholtz shows that the reality of the treatment of the forced laborers in no way corresponded to the real interests of industry, which on the contrary was interested in preserving the valuable labor force and using it sufficiently efficiently. In this I see a not inconsiderable discrepancy with the general thesis of the book, according to which it was ultimately the interests of industry that prevailed.

The author emphatically argues that the system of economic exploitation practiced by the SS in the concentration camps could not be fully harmonized with the criteria of capitalist profit, so that the ambitions of the SS economists, especially the creation of an SS economic empire, were blocked precisely by the opposition of industry.

The reference to the "moral degradation" of the German workers through the incentives and lures offered by the regime and through the bad-mouthing of the foreign workers also seems to me to be significant. This results in a picture that is clearly at odds with the canonical one of an always pure and antagonistic working class. The extremely harsh living and working conditions of the foreign workers, mostly forced laborers, also had an important domestic political function: "to destroy or keep down the developed proletarian class consciousness" (ß, 280). or to keep it down" (ß, 280).

The fifth chapter is dedicated to an analysis of wartime production. Eichholtz describes, sector by sector, how directors and technicians of the companies and functionaries of the regime attempted to organize the highest possible production with the help of Minel's rationalization: from coal and steel to vehicles and machines to the main weapons. He then analyzes the results of wartime production, including raw materials, chemical synthesis production, electrical energy, construction and the development of "miracle weapons". This is a wide-ranging and detailed study of the war.

The author demonstrates his excellent knowledge of the subject and his exceptional command of the sources.

The sixth chapter is devoted to the investigation of the occupation policy, especially that in the Soviet Union. First, the plans and expectations of the political and economic power centers are analyzed, then the concrete practice of the occupiers is examined. A special study deals with the "General Plan East", that is, with the complex of projects for a demographic-racial as well as economic-social "reorganization" of occupied Eastern Europe, which was drawn up on Himmler's instructions. Here too, Eichholtz emphasizes the inextricable links between the ideology and plans of the National Socialists and the long-term interests of German monopoly capital.

He also dwells briefly (too briefly, I would like to think) on the policy of exterminating the Jews. There is no indication that this policy had ideological motivations; on the other hand, he believes that it was entirely imperialist policy (II, 448 If.). Incidentally, the analysis here is not free of fluctuations: The author tends towards a more general assessment of the "General Plan East", according to which the plan, as a plan of mass emigration, essentially corresponded to the "security" interests of Hitler and his regime, and thus comes into an "insoluble contradiction" (II, 457) with the main economic interests. This shows what a long way Eichholtz had to go to break away from the canons of orthodoxy and come closer to a "primacy of politics" (Mason), which he had brusquely rejected years earlier. Obviously, however, he still has some logical and lexical difficulties in expressing this detachment clearly.

The seventh chapter deals with the question of war profits. The author states that the regime fully met the expectations of industry in this respect. In his attempt to estimate the total "pure war profit" achieved by German companies, he arrives at the figure of 70 to 80 billion Reichsinarks (II, 569); he estimates the surplus profit from the work of foreign labor alone at 60 to 70 billion marks (II, 530 f.).

In the second part of the chapter, he examines the phenomenon of industrial concentration, the pace of which accelerated during the war. By 1942, barely two percent of all stock corporations held half of the total share capital. According to Eichholtz, the basic elements of capitalist logic and economics also applied during the war, albeit under the conditions of a particularly conflictual relationship between companies and the political system: the pursuit of profit, optimization of the exploitation of resources and labour, expansionism on an international scale, but also inevitable tendencies towards crisis.

The third and final volume was published in a completely different social environment, namely after the dissolution of the communist state and its scientific apparatus. The first two volumes had already become classics, as it were, extensively cited and very positively received by international scholars, even if they were occasionally criticized.

Distance from interpretation'. In the preface to the third volume, Eichholtz admits that he had given further consideration to the method in order to avoid the dangers of an overly rigid eco- nomism; this was all the more obvious as, in the final period of the war, 'the interventions of political institutions ... in the economic processes were of considerable importance" (UI, XI). He believes that the substance of his work has benefited from this. Overall, these brief self-critical remarks are rather restrained. Eichholtz only indirectly admits to having been too strictly economistic in his analysis. He by no means disavows his earlier work, but emphasizes the consistency and continuity of his own research perspective.

It is not possible to summarize the contents of the third volume, which is the most comprehensive and also contains a wealth of specific contributions. Changes in the structure are clearly visible. The goals and plans of the German economy are, for the most part, completely withdrawn; instead, Roth examines in a comprehensive chapter the increasingly problematic projects that were drawn up in preparation for a military defeat. The most comprehensive chapter, written by Eichholtz himself, is the one on war production. Here he once again demonstrates his extraordinary mastery in the use of sources. This is followed by chapters on the "situation of labor" and the disintegration of the occupation system, which bear the diminutive addition "studies" in the title. The author is ultimately aware of the incompleteness of his work in view of the complexity of the topics dealt with here. This does not alter the fact that the chapters, like the entire volume, contain many interesting and new ideas.

The author makes interesting comments in various chapters on the personalities involved, in particular on the change in the relationship of trust between Hitler and Speer, the armaments minister who for a time had been considered HiUer's successor. This relationship, which had been disturbed at the beginning of 1944, stabilized again due to the successes of Speer's armaments organization, which culminated in the establishment of the Armaments Staff (August 1944), which concentrated the entire wartime economic power with the Minister of Armaments. The analysis of the management apparatus that Speer built up during this period is interesting and new; Eichholtz attributes it mainly to him that the war economy was maintained for so long despite the severe damage caused by the air raids.

It is precisely in these sections that the work testifies to the changed, increased attention Eichholtz pays to the role of personality. Such a concentration on the personality of politicians, especially of HiUer, Speer and Göring, would not have been conceivable in the first two volumes. Free from dogmatic obstructions - freer and more decisive than in the first volumes - the author can now bring his gifts into the field.

The social and political causes that prevented the regime from concentrating as many resources as possible on war production are examined in depth. The consumer goods industry could not be restricted as much as planned due to the large-scale destruction of civilian homes and households caused by the air raids and even had to expand its production. The officially controlled market was replaced by a

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[7] **To name** just **a few examples: G. Rånki, The Economics of the** Second World War, Vienna **1993;** D. **Rebeatisch, F0hrerstøat** und Verwaltung inn **Zweiten** Weltkrieg. Stuttgart **1989;** A S. Milward, War, **Economy,** ønd **Society 1939-1945,** Berkeley/Los Angeles **1979.**

sponge market economy, which had to be tolerated by the regime. For reasons of social stability, the possibility of enforcing compulsory labor for German women was not fully exploited until the end, and instead attempts were made to increase the exploitation of foreign labor with an increasingly contradictory mixture of
"carrot" and "stick". Admittedly, the topic of foreign workers is not dealt with as systematically as in the two previous volumes, but mainly in the form of regional and special "studies".

The study that Eichholtz devotes to the collaboration of Danish, Dutch, Belgian and French companies in the exploitation of the resources of occupied Oneuropa (1941-1944) seems particularly interesting to me. Here the author moves into a new area, providing useful pointers for further research.

The third volume thus presents itself even more colorful than the previous ones: both through the participation of different scholars, Western and Eastern, with specific monographic studies, and because it has a more open character, no longer burdened by the delicate "slalom" between categories and methods, which seems to me explainable by the conditions of strict control of historiographical production. It would have been desirable if Eichholtz had concluded the volume with an attempt at a conclusion; but this is perhaps too much to ask of a work of only 2 %0 pages, written over a period of thirty years.

The "History of the German War Economy" will be an irreplaceable standard work for many years to come. At the same time, it is to be hoped that it will provide the impetus for numerous in-depth studies and praise is due to the publisher of this work, which has thus been made accessible to a wider public.

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Preliminary remarks on the third edition

On the occasion of the publication of volume 2 of the " ficsrli it hl e der dcul schen liriegswirt- echaft 1939-1945", the author and \'erla ; have decided to bring out the first volume in a new edition*.

Over the past few years, research has **uncovered a** great deal of new factual material**.** Theoretical problems of fascism, state monopoly capitalism, the war strategy of German monopoly capitalism, etc. have also been discussed in numerous recent publications.[2] The present volume was and is the focus of an extensive exchange of opinions.

As far as its basic substance, its theoretical foundation and not least its political and ideological concerns are concerned, however, it has stood the test of time. During the work on the second volume, the conception of the overall project proved to be correct and viable - and this can be verified by the reader. This was the basis for the author and publisher's decision to reprint the first volume, the earlier editions of which have long been out of print, unchanged in favor of rapid delivery.

1 1. out. : **1969; 2.** .tufl. : **197't.**

2 See the detailed additional bibliography in Volume 2.

Forward

The detailed study of the history of the German war economy l9Ml945, the first part of which is presented in this volume, is intended to meet a scientific need that requires no further justification. The special political and ideological significance of the project is beyond doubt at a time when the VI I. At the VI I Party Congress of the Socialist Unity Party of Germany, the formation of a scientific historical and world view of socialist man and the development of his conscious class attitude towards socialist construction were emphasized as the most important tasks of historical science in our republic.

Our topic deals with fundamental questions of a stage of German history, indeed of the entire period of imperialist rule in Germany. At the same time, it is about dealing with one of the most important, characteristic sections of that historical past which is still the present in West Germany - a present which constantly threatens peace in Europe and in the world.

The overall presentation of a history of the German economy during the Second World War, as well as its parts, raises numerous conceptual problems of both a substantive and methodological nature. The work being undertaken is a first fundamental attempt to overcome these problems. With this first of three planned volumes, the concept and design of the structure for the entire project are presented for discussion. At this point, a few remarks on the periodization and methodological problems of the presentation and division of the entire work should be made.

The periodization of the economic history of the war cannot be separated from that of its political and, above all, military course - far less so than in the treatment of longer periods of less turbulence. Although there is no identity or flat parallelism of the lines of development, there is a complicated synchronism in which the economic development in Germany received powerful, even overpowering impulses in - historically speaking - the most rapid succession through t h e extremely dynamic course of military events.

The characteristic - dialectical - correlation between modern strategic warfare and economics consists in the fact that on the one hand probably

"The development and change of strategic views depend entirely on economic conditions and the respective level of development of the productive forces", but on the other hand "the direction of economic development is also chosen with strategic considerations in mind and during a war is almost entirely d e t e r m i n e d by the requirements of strategy. "1 The impulses of the war affected the individual areas of economic and economic-political or state-monopolistic activity to varying degrees. The course and pace of change in these areas could develop quite asynchronously. The complexity of the synchronism of the changes in politics or warfare and economics during the Second World War did not remain without consequences for the method of dividing and subdividing the overall project.

The presentation in Volume I covers the wartime economy during the period of military "Blitzkriegs" up to the invasion of the Soviet Union. Volume II will examine the history of the German economy in the following two periods of the war (1941/43). The collapse of the Blitzkrieg strategy in the economic field and the subsequent attempt by German imperialism to establish a "total", i.e. completely regulated, "planned" war economy will be dealt with. Volume II I will present the system thus damaged at its peak and at the same time in its last great efforts (from around fall 1943), its rapidly deepening agony and finally its catastrophe.

\When a relatively short historical phase is examined in detail under a broad topic, the factual principle must play an important role in the division and organization of the material alongside the chronological one and must be particularly closely linked to it. In this volume and in the overall presentation, a new attempt is presented for discussion in this respect. Certain main problems, factual focal points, are dealt with coherently and in detail in each period, in each of the three volumes, sometimes even more often if the sub-periodization requires it (war aims of German monopoly capital, development of the state-monopoly regulatory mechanism, situation of the working people including the foreign forced labourers, economic policy in the occupied territories). Other focal points are only examined in more detail for a larger, statistically rich period (industrial production development, concentration and centralization of production and capital, development of profits). Finally, for factual or chronological reasons, a number of complexes a r e only dealt with coherently in one or two places in the work as a whole (agriculture, transport, foreign trade, war financing, comparisons of potential, economic effects of the air raids).

The factual focal points are thus presented within a chronological basis.

structure, examined and presented according to the type of independent studies.

I 3fifitdrrfafegie, **unt. d. Ed. v. W. D. Sokolowski, Berlin 1966,** p. **42** f.

not only the chronological, but also the factual context of the whole is preserved, in that basic conceptual questions and main theoretical problems such as the war planning of German finance capital, its expansion goals and directions, the basic tendencies of the development of the state-monopoly mechanism of rule and the specifically fascist traits in the war economy form the common thread of the overall presentation. This common thread will be taken up and pursued volume by volume, stage by stage.

The source base for works on the economic history of fascism has changed. in the GDR has improved considerably in recent years. In addition to the wealth of material from former corporate archives, which - still underutilized - is available to researchers in the archives of state-owned enterprises, the State Archive Administration of the GDR and the German Central Archive have acquired valuable files and numerous microfilms and made them largely accessible for research. Rich archival material on German history of the period under study and especially on the history of the fascist occupation, the archives of friendly socialist countries contain [2]

The author is indebted to Professors Jürgen Kuczynski and \Volfgang Schumann and the staff of the 1917-l9fi5 department of the Akademieinstitut für Ge- schichte for their good advice and friendly criticism.

Mr. Gerhard Haenel kindly undertook the production of the registers.

2 A short bibliographical introduction with an appraisal and critical \Yevaluation of the literature on the subject has been placed before the list of sources and references. Yor publications from the present volume, which are only cited in special cases, are an essay in an anthology and two articles in the Jahrbuch für Wirtschaftsgeschichte. *[Momo pole und Staat in Deutschland 1917-1946,* Berlin 1966, pp. 33-59, i93-199 ; *£ichhofts, Dietrich,* Zur Lage der deutschen Werk- tätigen im ersten Kriegsjahr 1939/fi0, in : JWG 1967, T. i, pp. 1fi7-171; Czoffek*, Ros- 'iiha|Eichhottz, Dietrich,* Zur wirtschaftspolitischen I£onzeption des deutschen Im- perialismus beim Überfall auf die Sowjetunion, in : JWG i968, T. 1, p. 14 i-181 [in part]).

Introduction

The history of the German economy during the Second World War is a piece of the history of German imperialism. Twice in our century, German imperialism prepared for war, twice it waged it, waged it economically too, using all the forces it could muster for the worst cause, for its greatest crime against the nation. He drew lessons from the defeat in the First World War, the observance of which only m a d e him all the more dangerous and barbaric twenty years later, allowing him to devastate and destroy the property, lives and creative power of his own people and other nations all the more unscrupulously. His aim was again to redivide the world and its riches under his leadership, to create capital investment pools, sales markets, sources of raw materials and labor for finance capital. \You the first, he also waged the second war for world domination, i.e. for absolute power in the world.

Towards the end of the 1920s, Germany had once again joined the ranks of the most developed, economically leading imperialist powers. Its power of expansion and thirst for aggression were combined with the growth of its economic strength. German imperialism was an imperialism from which the colonies had been taken, an imperialism whose development was hindered by the financial burdens of war and by the restrictions and controls imposed on the monopolies by the victorious powers in terms of armaments, finance, etc. Accordingly, the development of the fascist movement in Germany was characterized by extreme nationalism and chauvinism from the very beginning; once in power, fascism from the very first day - albeit not unconcealed for a long time - advocated an exaggerated, targeted imperialist aggression towards the outside world. Fascism was a form of state-monopoly capitalism that was supposed to overcome the crisis of capitalism with terror at home and through the redivision of the \Yelt abroad.

1 s. €fföric/if, **lYofter,** Die Bede utung und die Lebenskraft der Lehren x-on Karl **Marx** für unsere Zeit. Speech at the ix'issenschaftlicheii Session on the 150th birthday x-on liarl ßlarx, 2-4. *re.* 1968, in : Neues Deutschland, 4. 5. 1968, p. 6.

The history of the German war economy 1939-1945 is primarily the history of the polarity of interests and the struggle between the ruling fascist-imperialist circles as the main warmongers and the German people - the history of the ghastly triumph of the profit interests of finance capital over the vital interests of the nation during this period.

The study focuses on the one hand on the strategic and tactical war-economic conception of German monopoly capital, its methods of production and exploitation, its economic expansion, its sources of profit and profits, and on the other hand on the economic **situation** of the working **masses,** especially the working class, i.e. their material living conditions and working conditions, their social and political position in the "military prison" (Lenin) of the state monopoly war economy, the abuse of their productivity and creative activity in production for the imperialist war, and last but not least the influence of the struggle of the illegal German workers' movement and the other anti-fascist forces on the economic development and the position of the classes in Germany.

This basic theme necessarily includes structural investigations,
i.e. research on the class structure and, more generally, the consideration of sociological aspects. Furthermore, it analyzes: the functioning of the state-monopoly mechanism in the war economy and its internal laws and finally the economic war potential of German imperialism, the **structure** and proportions **of the** war economy, the actual results and in the end the catastrophic disaster of the economic war effort.

A detailed scientific analysis of the character of the German war economy from 1939 to 19fi5 is still pending.[2] Such an analysis cannot stop at an examination of the individual phenomena of the war economy. The German war economy must be examined and understood as a special form of the *capitalist* reproduction process, as a specific stage in the development of *state-monopoly* capitalism and finally as the war economy of an *{aschiotic* regime. The connection between these three conceptual points of view and the - sometimes overpowering - factors of military and political events must not be neglected. Only in this context can the particular historical form of the German economy during the war be understood.

The German war economy was a *capitalist* war economy. It was based on the exploitation of the working masses by the owners of the

2 For the first **contributions** on the subject, see *Kuczynski,* 'iirgen, Studien zur Geschichte dea staats- monopolistischen Kapitalismus in Deutschland 1918 - l9fi5 (= *derselbe,* Die Ge**schichte der** Lage **der Arbeiter unter** dem liapitalismus, vol. 16) (hereafter: Studien 1918-i9fi5), Berlin 1963; *Eichholtz, Dietrich,* Probleme **einer** Wirtschaftsgeschichte dea Faschismus in Deutschland, in : JWG 1963, T. 3, p. 97 fi. ; cf. also 5chröter, At{red, Krieg-Staat-Monopol 191W1918, Berlin 1965.

means of production, especially by the monopolies and by state-monopoly groupings. The fundamental economic laws of the (monopoly) capitalist order continued to operate during the war, sometimes with multiplied energy. This was particularly true of the law of monopoly profit and the law of concentration and centralization of production and capital.

Rarely in the history of German imperialism has monopoly capital profited so monstrously, rarely has it fleeced the working masses so unrestrainedly as during the war. The war became a profit paradise for the big monopolies. The direct exploitation of the people was joined by their unrestrained plundering by the state treasury. The financing of the war, which must be discussed in this context, was the most comprehensive redistribution of national income to date in favor of a handful of armaments monopolies.

The concentration and centralization of production in huge armaments factories made leaps and bounds during the war. The power of capital accumulated enormously in the hands of the large monopolies. The concentration of capital was enormously increased by unprecedented war profits. Closures and shutdowns of many thousands of small and medium-sized enterprises and tens of thousands of craft enterprises, as well as the compulsion for the others to supply the armaments monopolies, led to an even more rapid centralization of capital; the plundering of foreign capital property meant an additional acceleration of this process.

The economic class goals of German finance capital during the war were capitalist, imperialist. The monopolies expected the greatest profit only as the fruit of the war: their domination of Europe and ultimately their supremacy in the world. These war aims were the real root of fascist aggression.

The system of economic laws of capitalism took on substantially new features during the war. The reproduction process of capital, the functions of the capitalist economic organism changed considerably.[3] Within a short time, the armaments sector clearly dominated in absolute terms. All branches of production and circulation that were not "essential to the war effort" declined in absolute terms from then until the end of the war. The production of calves and war equipment rose sharply in 1940 compared to 1939, to around 180 percent. In contrast, the production of consumer goods, which had still increased overall, fell by five percent and the construction of housing by almost 50 percent.

3 cf. the political economy analysis of the war economy in the **United** States **in lYagncr, f:laut, Die zyklischen Überproduktionskrisen der Industrieproduktion** in den USÄ **in den ersten beiden Etappen der allgemeinen Krise** des **Kapitalismus** (1914 - 1958), in : JWG **1964, T.** 4, p. 11 ff., J WG **1965, T. 1,** p. 27 ß., and **esp.** T. 2, p. 26ß.

4 s. lYageti/ühr, *Rolf,* **Die** deutsche **Industrie im Kriege 1939-1945,** 2nd ed. **(hereafter** : **Industrie), Berlin 1963,** p. **191** ; T'fte **Effecta** *o{* ***Svotegic*** *Bombing on the German War* **Economy, (ed. by United States Strategie Bombing Survey. Overall Economic Effects** Division. Oct. 31, **1945) (hereafter** : Z'fte **AJeCts), Washington 1945,** p. 231.

percent of all employees in German industry worked for the Wehrmacht,
In other words, they produced for the state's account.* Even in this phase of the war economy, a significant percentage of social production fell out of the "normal" process of capitalist reproduction, or, precisely defined®, entered Department B (consumer goods) of the total social product as a form of social (parasitic) consumption of the ruling class.

Such a high proportion of production ordered by the state had to change the structure of the entire economy considerably and, accordingly, also substantially modify the mode of operation and effects of such economic laws as those of competition and anarchy in production and the laws of crisis. Likewise, other characteristic features of the imperialist war economy - such as the severe disproportionation of the economy (hypertrophy of the armaments and largely also of the basic industries, underproduction of the consumer goods industries and their devastation through disinvestment), the abolition of the chronic agrarian crisis and the forced underconsumption of the working masses - affected the implementation of these laws, inhibited them, postponed them or prevented them altogether.

The "normal" reproduction cycle was replaced by an economic system of extreme instability, a system of a state monopoly character, whose fate depended on the course of the war of conquest and which inevitably ended in a catastrophe for the nation. The German war economy represented a reproduction process of a special kind, whose course and external form were determined predominantly and, the longer, the more exclusively by military-political factors, but whose internal form and constitution were characterized by extreme forms of state-monopoly capitalism.

By *state-monopoly, capitalism* we mean the new structures and forms of development that imperialism has increasingly produced in economics and politics over the last half century. As early as the First World War, Lenin noted important changes in the system of rule of the belligerent imperialist states, especially Germany. He defined these phenomena under the concept of state-monopoly capitalism as the merging of monopolies and the state into a single mechanism of imperialist rule, as a fusion of the potencies of both.° The growth of monopolistic capitalism into state-monopoly capitalism is an essential feature of the general crisis of capitalism and the epoch of transition from capitalism to socialism. This process represents an aggressive action and reaction of the ruling imperialist circles in the face of the pressure of the development of modern productive forces and of the demands of the socialist system.

5 *The Effects,* p. 213.

6 e. *Wagner, Hans,* a. n. 0., in : JWG 1964, T. 4, p. 39 f., 79 ff. ; *the same,* Reproduktionsprozeß und Rüstung, in : Wirtschaftswissenschaft, H. 1/1962, p. 80 d.

7 s. Analysis and definitions in the works of Lerun, especially from therx Years 1917 ; *Lenin,* lY. Z., \Yerke, vol. 24 ff.

It objectively reflects the confrontation and confrontation of financial capital, shaken in its dominance, with the severe economic and political crises, with the intensification of the class struggle and, in particular, with the advance of socialism in the world.

This new phase of imperialist development is characterized by a qualitatively new role of state power in all areas of social life, but especially in the shaping of the capitalist reproduction process. The imperialist state intervenes in these areas with comprehensive activity; the economy is subjected to regulating interventions of macroeconomic dimensions and effects. Such interventions are intended to ensure the preservation, safeguarding and expansion of the profits of the financial oligarchy and its power in general.

Financial capital still rules, the most powerful monopoly groups still rule; they combine their power with the enormous powers of the state to form a single ruling mechanism.

The state monopolistic powers that they acquire in this way ensure them greater maneuverability at times. Above all, they extend the scope for the development of the productive forces; but they also enable them to transform productive forces into destructive forces, into means of destruction and mass extermination. These potentials can be increased to the extent that the ruling class succeeds in expanding and perfecting its state-monopoly system of rule in contradiction to the vital interests of the working classes.

However, this mechanism is by no means conflict-free and uniform. Neither does state-monopoly capitalism change the class system of capitalism and imperialism, nor can it save this system from its eventual downfall. Competition and the anarchy of production and social relations in general operate at a higher level and in new forms

8 see especially (also for the following) *Ulbricht,* iYefter, Die Bedeutung des Werkes "Das Kapital" by Karl ff arx for the shuttering of the developed socialist system of socialism in the GDR and the struggle against the state-monopoly system of rule in West Germany. Speech at the International Scientific Session: 100 Years of "Das Kapital", in : Neues Deutschland, 13. 9. 1967 ; *Imfierialism* today. Der staatsmonopolistische Kapitalismus in Westdeutschland (Autorenkollektiv), Berlin 1965 (4th revised and expanded ed. 1967) ; among the contributions to the discussion
s. ifem6erger, *Horst,* et al. Sechs Feststellungen zum staatsmonopolistischen Kapitalismus in Westdeutschland, in : Einheit, H. 1/1967, p. 74 d. ; *Gündel, Rudi, et al,* Zur Theorie des staatsmonopolistischen Kapitalismus, Berlin 1967 ; *Klein, Dieter,* Über den Wider- spruch zwischen Produktivkräften und Produktionsverhältnissen im gegenwärtigen Imperialismus, in : Einheit, H. 7/1967, p. 890 d. ; in the definitions from *K* czynski, *Jürgen,* Vorbemerkung *z-u Baudis, Dieter,*
and others, From the secret archives of American monopolies in Cuba: The planning at Standard Oil (1957 - 1960), in : JWG 1966, T. 3, p. 11fi.

continues. The contradictions of the imperialist system rcproduce themselves on a larger scale and in new dimensions.

The fascist dictatorship is particularly exemplary proof of these theses. At the end of the world economic crisis, the most reactionary and aggressive elements of German finance capital felt it advisable to establish their fascist rule over the German people, i.e. to x'melt their power with the potencies of a fascist regime. Only fascism was considered capable of cutting the Gordian knot of internal and external difficulties and resistance, which prevented them from ruthlessly plundering the working classes, forcibly arming themselves, restoring their position of great power and finally beginning their expansion in Europe and beyond.

Fascist-style state-monopoly capitalism was highly developed imperialism. The fascist state was a state of the monopolies, its policies a concentrated expression of economic conditions, i.e. the conditions and needs of monopoly rule. The war was not the spawn of any "demonic" forces in and around Hitler; it was a war of the monopolies for supremacy in Europe and in the world. The fascist regime was entrusted with the function of preparing and waging such a war.

Fascism's methods of rule were to provide those circles with the appropriate means to completely subjugate the working classes, above all the working class, to unrestricted exploitation by the monopolies and to manipulate them as cattle for the war, on the one hand, and to make up for the weaknesses of Germany's war potential through tense armaments and comprehensive state-monopoly regulation and control, on the other. All areas of social life were to be covered and permeated by this regulation and militarization to an unprecedented extent and intensity.

This was objectively the attempt to achieve a complete, "total" system of state monopolistic exercise of power ¡ it led to more far-reaching results even before 1939 than had been achieved during the First World War. In the war years 1939-1945, it was largely realized - within the framework of the "Greater German Reich" and the directly ruled territory and in forms that corresponded to the conditions of the war.

The armaments and war economy formed the core of this system. Particularly in the economic field, the monopolies and the fascist state endeavoured to create a state monopoly organization of the armaments and war economy at an early stage and from the outset, which they believed would lead to victory.

9 The treatment of state-monopoly development in 193sl9fi5 in *Imperialisni uc* freute, op. **c i t .** p . 6fi ff., does not do justice to the theoretical and political significance of the F ashist period, especially in this respect.

Above all, the fascist regime seemed to them to be the most suitable form of a "military penitentiary for the workers" (Lenin). Even before 1933, they also agreed with Hitler on the establishment of a coercive state organization of the economy under the command of the monopoly powers themselves.** They pushed for the most radical possible redistribution of national income in favour of imperialist rearmament. Years before the war, leading corporations, together with the Nazi clique, prepared the German economy for the new war according to the pattern of extreme state-monopoly regulation and planning from the First World War, according to the - expanded - "Hindenburg Program.

During the war, the state monopoly system of coercion and regulation reached its most pronounced and perfect form to date. The economy of the war years also culminated in those significant changes in the economic basis that Lenin had already pointed out. Already in the course of the rearmament phase, the state and monopolies entered into ever closer, more direct economic relations with each other. The closer and more comprehensive these relationships became, the stronger the state-monopoly apparatus developed. Regulatory functions of an increasingly comprehensive and incisive nature were transferred from state to monopoly representatives and institutions and vice versa, or new state-monopoly bodies were created for this purpose, headed partly by official and party functionaries and partly by leading monopoly representatives.

Armaments and war production, that "special kind of national economy" which "is no longer 'pure' capitalism "*2, was already the most important constituent factor for the highly intensive forms of state-monopoly capitalism in the First World War, which Lenin assumed in his references and remarks on the nature of this phenomenon. The Second World War brought with it a greenhouse-like growth of extreme, i.e. particularly intensive and extended forms of the intergrowth of monopolies and state, the merging of state and monopolistic functions in the economy and economic policy. These forms developed into a largely complete, comprehensive economic system of state-monopoly capitalism, in which monopolies, the military and fascist state and party organs had an extremely well-developed set of instruments for regulation and control at their disposal. For a short time, until this "experiment" was broken off at the end of the war, the transition from monopolistic to state-monopoly capitalism was almost complete in Germany. The war and its extraordinary demands on the capitalist economy - extraordinary in both the extent and the quality of these demands,

10 s. Doc. N1 7990, Aff. Kurt v. Schröder, 21. 7. 19fi7, Case VI, ADB 3, partially printed in : *Gesthichte der deutsthen Arbeiterbewegitng,* vol. fi, p. 606 f.

11 s. Chapter I.

12 *Lenin, V. I.,* Introducing Socialism or Revealing How the State Treasury Was Plundered will?, in : Werke. Vol. 25, Berlin 1960, p. 57.

The conditions for this - namely according to the degree of their social character - created appropriate conditions, which in scientific experiments correspond to the highest pressures and extreme degrees of purity.

The fate of the entire ruling class was directly and most acutely linked to the war and its course. On its victorious outcome depended both the extension of their rule and its preservation; if victory was achieved, their rule was called into question. The war forced the ruling class to recognize its highly social character in the economy through the strictest forms of state-monopoly regulation.

The efforts of monopolies and the state to regulate and plan the national economy during the war were nothing other than an attempt to inhibit the spontaneous, destructive effect of certain important laws of production and the market for the sake of their war aims and armaments profits, and even to nullify their effects altogether, an attempt to "tame the capitalist milieu "*[3]. This required an *overpowering social obstacle,* as *JYtarx* formulated it in a different, but in principle very comparable context**, which prevented them from setting the aforementioned laws in motion and keeping them in motion as in peacetime. It required a "law of the state", to stay with Marx's formulation, which forced them to live against their own nature to a certain extent, more or less precisely limited by themselves. The success of such an attempt depended on the extent to which the ruling circles were able to temporarily paralyse the struggle of the masses, dampen the contradictions within the capitalist class and generally "regulate" the basic anarchic character of the capitalist economy.

The laws and contradictions underlying the functioning of the state monopoly mechanism in the war economy and the changes in the forms of this mechanism have been little researched. However, some general laws of state monopoly development can be clearly identified as a result of Marxist research to date.

I f the structure of state-monopoly capitalism is defined as the fusion of monopolies and the state, as a fusion of the potencies of both, then monopoly groups and state-monopoly groupings a r e recognizable as lawful elements of this structure. \While the monopoly groups discovered by Kuczynski > emerged with imperialism itself, the emergence, development and competition of state-monopoly groupings are to be defined as a specific structural law of state-monopoly capitalism. These groupings are to be distinguished from the monopoly groups

13 *G'Mztdel, Rtidi, et al.,* op. cit. p. 130.

14 **cf.** ***Marc, Karl,*** Das Kapital, Dd. 1, in : ***Marc|EngeIs,*** Werke, vol. 23, Berlin 1962, S. 320.

15 s. Chapter IV (Excursus).

as well as by the financial groups that Lenin characterizes, even if there are important historical and theoretical connections between them all.

A state monopolistic grouping is a complex of interests and power in which certain monopolies, groups of monopolies or even entire monopolistic groups (coal/iron/steel, chemical/electrical industry) grow together with certain parts of the state party and party apparatus. State monopolistic groupings are supported by state monopolistic institutions and organizations such as authorities (ministries, four-year plan organization),

"self-governing" bodies of the \economy (Reichsgruppen, Wirtschaf tsgruppen, Reichsvereinigungen), lobbyist groups of monopoly capital ("Kleiner Kreis" of the Ruhrmontan corporations), "\economic advisors to the Führer" and others. They are of more or less permanent consistency and compete within the ruling mechanism for decisive influence on economic policy as well as on basic domestic and foreign policy decisions that cannot be separated from economic policy. Political changes of course are often based on a change of leadership between state-monopolistic groupings. Major political and military events can in turn cause such a change of leadership.

\While this is a predominantly structural law, the law of a structural connection, the concentration and centralization of state-monopolistic regulatory power in the leading monopolies and hlonopoly groups can be formulated as a predominantly genetic law (law of development). The effect of this law can be traced throughout the entire duration of the war and also in the pre-war period, in the armaments and war economy as well as in other areas of social life.

One of the most important specific features of the German war economy, caused by the *fascist character* of the political regime, was above all the open, official terror in that it penetrated into the economy, into production, right down to the last workplace; it also spread particularly to the conquered and occupied territories. The fascist terror against the workers brought economic results. The violence here undoubtedly became a considerable economic power.

However, terror could also work in exactly the opposite direction, and in fact it had a very negative effect on the war potential of German imperialism. This was particularly true - the later, the stronger - for the occupied territories. The policy of conquest had to come into conflict with the effective economic utilization and exploitation of the conquered and inevitably became "unmanageable".

'lerne' traits, traits that are characteristic of a 'modern' monopolistic economy and

\Your economic policy. Throughout the war, voices could be heard from monopoly circles and also from the top Nazi clique declaring that it was unreasonable to starve, "expatriate", "specially treat" or otherwise exterminate masses of workers who were so urgently needed during the war. This was ultimately an unsolvable problem for the German imperialists. If they wanted to turn the people of the occupied countries into effective

labor for the monopolies' war economy, they had to give them life and some freedom, they had to give them more to eat, and so on. But then their resistance would easily have increased in scope and effectiveness. That was what the state and the monopolies were most afraid of; for it was the basic contradiction between the ruling fascist-imperialist clique and the peoples that broke out, here in the form of the contradiction between the plans for world domination and exploitation and the political possibilities of the German imperialists. Economic necessities, as even representatives of the ruling class in the war economy partly saw and knew them, were thus violated because they ultimately had to be violated.

Terror alone also proved to be unsuitable to make the Germans willing to go to war and make sacrifices. The fascist rulers were dependent on having their war waged economically by a people whose general enthusiasm for war they could not count on, despite widespread agitation and confusion. They were therefore intent on establishing and maintaining a system of certain concessions and social palliatives almost right up to the last day of the war. These concessions, often explicitly justified by the fear of the anti-war sentiment of the people and the revolutionary mass actions of 1917/18, were made at the expense of the totality of economic warfare and at the expense of the subjugated peoples. Nonetheless, terror also remained the most important instrument of power in domestic politics. It even intensified by a great deal. This deep contradiction, from which the regime was unable to free itself, was also an expression of the fundamental contradiction mentioned above.

I n addition, the specifically fascist methods of plundering and exploiting the economic resources of Europe, especially Eastern Europe, and of dividing up the spoils of Europe through the enormous state monopoly apparatus, which was largely newly created for this purpose, were something historically new. The extent and the criminal methods of the plundering of most of the peoples of Europe by German imperialism were unprecedented in history. The cruel exploitation of millions of foreign forced laborers and prisoners of war was a particularly shameful chapter in the history of the German war economy. For monopolies and Junkers, profiting from the cheapest, forced foreign labor was not an exceptional situation caused by the war, but a general war aim. The form of exploitation of foreign labor was determined by purely fascist methods.

Finally, the fascist party - understood as the sum of all a'azi organizations - took its place in the state-monopoly system of the united power of monopolies and the state.** One of the consequences of this was that the

16 vp-1. also *Kuczynski, J'ürgen,* Darstellung der Lap-e der Arbeiter in Deutschland von 1933 bis 1965 (= derselbe, Die Geschxchte Öer Lage Öer Arbexter unter dein Papi' rt- lismus, vol. 6) (hereafter : Lage der Arbeiter 1933-1945), l3erlin 19G4, 5. 39 ff.

The structure of the state-monopoly mechanism and the struggle between the state-monopoly groupings became more complicated, more confusing and even more contradictory.

The lawfulness of the defeat of German imperialism *7 requires detailed investigation and further theoretical penetration. It was not an economic law, but a law of society as a whole, derived from the general, fundamental law of social development, according to which one social order (the socialist-communist order, which embodies the social progress of humanity) replaces the other (the declining, capitalist order).

This latter regularity has numerous derivations and manifestations. Like all specifically historical regularities, it is a

It a s s e r t s itself in the class struggle of the progressive forces against the old ruling class, in a struggle that can take the most bitter forms, in which the reaction, threatened in its existence, resorts to the most criminal, most atrocious means and which can also lead t o a temporary defeat of progress - but not end there.

In the era of transition from capitalism to socialism, the ideas of peace, humanity, democracy and socialism have taken deep root in the peoples of all countries thanks to the struggle of the revolutionary workers' movement and other progressive forces. In this era, a political system like fascism has no perspective. It is against all historical reason. The unleashing of **the Second World War** by German fascism was **an** attempt to resolve the **deep** contradictions between monopoly **rule** and **democracy,** between capitalism and socialism in the interests of the German monopolies and to subject the **whole** world to their dictates. In this way, however, the internal contradictions only took on supranational, global dimensions, and fascism inevitably had to rush towards its catastrophe. This inhuman system of a clique of robbers, murderers and modern slaveholders made an enemy of the peoples of the **whole** world and provoked their ever more bitter resistance, against which it finally and necessarily failed.

After the invasion of the Soviet Union, the most advanced social order in the world, it became clear that the German communists w e r e right in their scientific prediction of a "hopeless war" (Berne Resolution). German imperialism went down to its greatest defeat.

17 s. *Ufbricht, V'alter,* Zur Eröflnung der ersten sozialistischen Militärakademie in de r Geschichte Deutschlands, Berlin 1959, p. 8 d. ; *Geschichte der deutschen Arbeiterbewegung,* vol. 5, Berlin 1966, p. 409 ff.

18 On the nature and problems of specifically historical laws see. *Gurewitscli, A.J.'* General Law and Specific Lawfulness in History, in : So' iet- avissenschaf t. Gesellschaftswissenschaf tliche Beiträge, H. 2/1966, p. 177 ff.

of its history. Its economic potential, like its military and moral potential, stood in irreconcilable contradiction to its war aims. The "blitzkrieg" strategy of the German militarists, born of this dilemma, failed due to the resistance of the Soviet people and their allies. In 1945, with the great Soviet January offensive, the destruction of the fascist predator began in its own lair. When fascism's rule over Germany ended on May 8, the German people were faced with economic chaos and material and spiritual ruin.

The contradiction between the war aims and the economic potential of German imperialism - although of the greatest practical significance - was only of secondary importance in the context of the legality of that defeat. It had the status of a historical peculiarity which resulted from the history and economic-geographical situation of German imperialism and which had a facilitating and accelerating effect on the enforcement of the general law. The law itself was and is valid independently of such secondary historical phenomena and particular contradictions. Today, for example, it also applies in relation to the United States and its aggression in Vietnam, without a n y such contradiction.

Nevertheless, the particularly explosive contradictions in which the German ruling class became entangled in its war in view of its excessive war aims and inadequate economic potential were not a historically accidental peculiarity of German imperialism. Its situation was part of the situation of world imperialism, and it was the effect of the uneven political and economic development of the imperialist countries that tied the contradictions of imperialism in Germany into a particularly complicated knot that could not be untied by the ruling class. The fact that a kind of weakest link in the chain of imperialist states had emerged in Germany only confirmed anew the validity of the law of the uneven development of capitalist countries discovered by Lenin.

The defeat of German imperialism befell this weakest link. In connection with this, a series of world-historical revolutionary changes began in Europe, among which the emergence of the first socialist state on German soil occupied a prominent place.

The economic basis of German imperialism for the Second World War. The war aims of the German monopolies

Seven years of tense armament of German imperialism confirmed the warning prediction of the Communist Party of Germany that fascism meant war. The extraordinary extent of war preparations since 1933 and the armament superiority of fascist Germany at the beginning of the Second World War bear witness to how seriously the German imperialists and militarists had analyzed their defeat of 1918 and the shock of the November Revolution in their own way and how thoroughly they had learned their lessons. Increasing economic difficulties and latent social conflicts at home, foreign policy pitfalls and dangers limited their options. Nevertheless, by the standards of the First World War, the German economy was already at the stage of a war economy in various respects before the outbreak of the new war. Above all, this applied to the "military prison" (Lenin) that monopolies and fascist rulers had set up for the workers. Various forms of far-reaching regulation of armaments production, the production and distribution of raw materials and other areas of economic preparation for war had been tested and developed for years based on the model of the First World War ("H indenburg Program"). The mobilization plans for the conversion of the economy to war h a d b e e n worked out in detail.

1. The phase of immediate economic preparation for war 1936-1939

a) The Yierjahrespianpolilik

Since the open build-up of the fascist air force (decree of February 26, 1935), the conscription law of March 16 and the German-British naval agreement of June 18, 1935, German imperialism accelerated its preparations for war to a high degree. The provisions of the Treaty of Versailles, formerly

l Geschichte der deutschen Arbeiterbeu'egung, vol. fi, Berlin 1966, p. 328.

were now openly broken through. In line with the rapid increase in the number of recruits, the demand on the economy for armaments, equipment and maintenance of the military machine grew. The economy now flourished, particularly in heavy weapons, war equipment and military buildings, which had previously been difficult to conceal from international monitoring bodies. The military reported the greatest pent-up demand for battleships and submarines, aircraft and airfields, tanks and heavy artillery.

Now that all essential barriers to open and unlimited rearmament have been

After the war had ended, the problem of future strategy arose before monopoly capital, the Nazi clique and the generals in all its magnitude. The goal of future armaments, their extent and the pace to be set had to be approximately determined. As was to be expected, the course was set for the military and armament superiority of German imperialism from the previously demagogically demanded "military equality". All monopoly groups supported this course.

Government armaments expenditure made a huge leap upwards. According to all reliable estimates, German armaments expenditure doubled as early as the 1935 financial year. A similar leap took place the following year. The ten billion mark was considerably exceeded. From 1935 onwards, the proportion of national income spent on armaments also rose rapidly. In 1938, it amounted to €1.5 billion - without the state and private industrial investments of the four

annual plan - a little over 20 percent.[2] With this and from then on, the

Armaments expenditure is the sum of gross economic investment.*

The higher the waves of the armaments boom rose, the sharper and more immediate the economic difficulties became apparent. The first serious obstacles that jeopardized the accelerated pace of armament emerged in foreign trade and foreign exchange.* Schacht's export policy had changed the qualitative structure of German foreign trade and its geographical direction to a considerable extent, but it had also made it more difficult for the German economy to develop.

2 The estimates for 1938 (Hillmann, Stuebel, Liuczynski et al.) range between 16.6 and 27 percent. The figure given is a minimum value. It does not include all funds **spent on war preparations,** but **only direct** armaments expenditure; see the list of German armaments expenditure on p. 31, according to which the share of armaments expenditure in national income developed as follows (calendar year; in percent):

1933	3	l93ti	17
1934	5	1937	19
1935	9	1938	20

3 s. *Erbe, René,* Die nationalsozialistische Wirtschaftspolitik 1933-1939 im Lichte der modernen Theorie (Basle Centre for Economic and Financial Research, Series B, hr. 2), Zurich 1958, p. 109 .

4 s. *Schiveitzer, Arthur,* Foreign Exchange Crisis of 1936, in : Zschr. f. d. gesamte Staats-wisscnscli., *3 g.* 118 (1962) (int folgenden : Crisis), pp. 263-277.

The continued severe stagnation of world trade meant that the economy was unable to rise significantly above the crisis level. In the meantime, the accelerated armament devoured foreign currency for ever larger and more expensive imports; rubber, propellants, iron ore, steel alloys, copper, cotton and leather in particular could generally only be obtained on the world market in exchange for foreign currency. The foreign exchange deficit, which resulted mainly from armaments orders, amounted to around one billion Reichsmarks a year from 1936 onwards.

Several ways to remedy the situation had been discussed among monopolies, the military and the Nazi clique since spring 19355:

1. Significant increase in exports;
2. Development and expansion of the production of synthetic substitutes for foreign raw materials ;
3. Restriction of consumption in the Reich ;
4. Slowing down the pace of rearmament.

There were several, even combined "solutions", each of which harbored certain dangers for the fascist regime in general or for its rearmament. Significant differences of opinion emerged in the discussion. A considerable restriction on consumption for the masses seemed too politically risky for the ruling circles. The solution of a genuine reduction in armaments was ruled out from the outset by the monopolies, the Nazi clique and the generals alike. In the opinion of the group around Schacht, Thomas and leading circles in the coal and steel industry (Thyssen, Poensgen and others), the pace of armament should be temporarily restricted in favor of exports - of goods as well as capital - i.e. it should not be accelerated as much as planned. This was in the interests of various coal and steel companies in particular, who wanted to take advantage of the currently favorable economic situation on the world market and expand their positions on foreign markets. Their line coincided with the ideas of certain military circles of a longer-term armament of conventional style and speed, the so-called deep armament.

In this situation, the choice of which path to take depended - ceteris paribus

This in turn was determined by the goals of the various monopoly groups and their political representatives and by the economic and political weight with which they represented these goals.

After fierce disputes within the state-monopoly mechanism, the most imperialist, most chauvinist variant was chosen. The most aggressive groups of German finance capital (IG Farben; the big banks, Flick, Krupp, Röchling and others), together with the Nazi clique, tried to overcome the difficulties immediately by putting pressure on the people's standard of living (first forms of rationing) and, in the longer term, through the autocratic policy of the Four-Year Plan.

5 cf. *Schu'eitzer, Arthur,* Big Business in the Third Reich (hereafter: Big Business), Bloomington (Ind.) 1964, p. 538.

According to Hitler, your four-year plan was intended to achieve "100°/p self-sufficiency in all areas where this is possible", especially in fuel and combustibles, rubber, iron and iron ore as well as textile raw materials.* The foreign currency saved was to be reserved for the import of raw materials for armaments and, where unavoidable, foodstuffs. This was the plan for a comprehensive "economic mobilization" in the shortest possible time.

In four years, the economy was to b e "ready for war".[7] The plans provided for a construction and production program.

Economically, the Four-Year Plan meant a shift of significant resources of means of production and manpower from the peacetime production sector (partly from the national economic reserves) to armaments production. In addition to the armaments programs of the individual Wehrmacht divisions, the Four-Year Plan projects now ranked as equally urgent in terms of allocation and financing, especially the "programs" of the Chemical Division ("Gebechem") since 1938. These programs provided for a rapid increase in the production of hydrogenated petrol and Buna, light metals, powder, explosives and toxic gases and their raw materials and included plans for the construction of extensive new capacities, many new plants and factories.

The political objective of the Four-Year Plan was unmistakably clear from Hitler's memorandum. As a plan of economic preparation for mobilization, it was intended to create the material prerequisites and resources to make the armed forces "operational" in four years.* The Four-Year Plan policy was a planned, self-sufficient policy of immediate economic preparation for war, both against the Soviet Union and against the Western powers, including the United States. Its aim was to expand the armament-economic potential and to achieve blockade resistance, which was sufficient for a series of "lightning campaigns", for a "quick war decision through annihilation strikes right at the beginning of hostilities" **.

6 *Treue, W illmlm,* Hitler's Memorandum on the Four-Year Plan 1936, in : VfZ, H . 2/1955, p. 204 fl. (hereinafter: Hitler's memorandum). For details on the **four-year plan** policy, organization and planning of the four-year plan institutions, see *Petzina, Dieter,* Autarkie- politik im Dritten Reich, Stuttgart 1968 (hereinafter : Autarkiepolitik).

7 *Treue, W ilhelm,* Hitler's Memorandum, p. 210.

8 General Plenipotentiary for Special Issues **in** Chemical Production: **official** designation for Carl lirauch, älitglicd of the Board of Management and the Central Committee of IG Farbenindustrie AG and deputy head of the Reich Office for Economic Expansion **(later:** Reich Office **for** Economic Expansion), which emerged from the Four-Year Plan Office **for** German Raw Materials and Materials in 1938.

9 s. Z'reue, *lYifftefm,* Hitler's memorandum, p. 210.

S0 Doc. EC-282, Case VI, ADB 20, "Arbeitsbericht des Geneialbevollmächtigten des älinisterpräsidenten Generalfeldmarschall Göring für Sonderfragen der chemis chen Erzeugung Dr. C. Krauch vor dem Generalrat", draft of 20/21. 4. 1939, DZA/FS, IG-Farben -Prozeß, Film Nr. 413 (also Case XI, ADB 119, DZA Potsdam, Nürn- berger **Prozesse,** Faii xi, s-. 408, p . 104).

In terms of foreign trade, it also represented an attempt by German imperialism to create as solid a basis as possible for such a "blitzkrieg" by means of planned "peaceful" penetration and expansion within and outside Europe, but especially in the countries of south-eastern Europe.

b) "Broad armor" and "deep armor".
Economic potential and war economic potential

The results of German preparations for war, especially economic ones, were the focus of political and scientific interest during the war and afterwards, but especially again in recent times. After the war, important figures on this subject as well as material on the discussions and debates in the political and military leadership of the fascist regime about "broad armament" and "deep armament" became known to researchers. In bourgeois historiography, German preparations for war have long been the subject of controversy. To the extent that the view - which can hardly be seriously disputed - has prevailed that German imperialism was a major factor in the war.

Although Germany was economically prepared for wars of limited scope and individually superior to its prospective opponents in terms of military armaments, it was very likely to be defeated both militarily and economically in a long war against a strong coalition, there is a consistent lack of sound justification for this. The astonishment of Anglo-American authors in particular after the war that Germany was not prepared for a world war in 1939, but only for "blitzkriegs", seems all the more genuine as even their general staffs had previously assessed the situation quite differently. They offer a series of more or less plausible, on the whole superficial explanations *°, without contributing to a deeper historical understanding of the pre-war situation.

i n Germany.[13]

Of course, this understanding can only be gained by penetrating and unraveling the tangle of internal and external contradictions in which German imperialism moved and which determined its goals and intentions as well as limiting its possibilities.

11 See also section 2.

12 For example, *Klein, Burton H.,* Germany's Economic Preparations for War, Cambridge (Mass.) 1959, p . 78 fl. (Harvard Economics Studies, vol. 109) ; *Mil 'ard, Alan S.,* Die deutsche Kriegswirtschaft 1939-1945, Stuttgart 1966, p. 15 fl.

13 Under these circumstances, increasingly frequent revanchist and oden f aseist forces took the opportunity to complain about "missed opportunities" due to insufficient war preparations or - at first - to deny the **forced** rearmament and the special, extraordinary aggressiveness and greed for expansion of German imperialism; thus *Wcdendy, Udo,* Wahrheit für Deutschland. Die Schuldfrage der Zweiten Weltkrieges, Ylotho/Weser 1965, who unabashedly **claims** A.J.P. Taylor and B.H. Klein as key witnesses that the German armament level in 1939 was low in terms of peace and quite harmless (p. 231d.).

The debate about "broad armament" and "deep armament", which circulated widely in the pre-war years and was frequently and openly discussed internally, was basically about nothing other than the possibilities and limits of Germany's war economy potential. Major General Thomas, Chief of the Military Economic Staff of the OKW, defined the problem: "By breadth of armament I mean the number and strength of the peacetime military force and the preparations made to increase it in the event of war. The depth of armament, on the other hand, includes all measures, especially of a material and economic nature, which serve to supply the war effort, i.e. to strengthen the *ability to hold out.* We have already become aware of the current superiority of the breadth and initial striking power of our armaments ... so I may well state that we will be able to maintain our lead in the purely military armaments field for some time to come, but that in the extended economic armaments field the lead unfortunately does not exist (at all) and that in the depth of armaments the Western powers will (always) be superior to us for the time being." ** Thomas did not view the blitzkrieg strategy as a way out of this situation without skepticism: "The military-political leadership will always demand a short war. Whether it can be waged will depend not only on us, but also on the enemy. If this is not successful and there is a wringing out
as in the world war, the depth of the military-economic power, i.e.
the possibility of perseverance."
Thomas outlined three ways and means of "striking a certain balance here". Firstly, in the event of war, "it must be possible to utilize the aid sources of the Nordic states" and "the Balkans with their supplies and deposits must be at our disposal"; secondly, the build-up of capacities for products essential to the war must be continued within the framework of the Vietnam plan and the
thirdly, Thomas pushed for the expansion of the entire transportation system,
by means of increased exports to build up correspondingly ample stocks and reserves of foreign currency and gold, as well as raw materials and foodstuffs.[16] It oden-
However, the deep gulf between ends and means was evident when he had to warn against even greater restrictions on the production of consumer goods because of the "psychological effects" on the people.[17]
The economic potential of imperialist Germany - the totality of its economic capacities and resources - was bound to prove insufficient for the foreseeable European and world war, significant as it was. The regime's rulers drew their conclusions from the partial realization of this fact. In the economic field, this was reflected in the endeavor to thoroughly exploit the potential of the war economy even before the outbreak of war.

lfi Doc. EC-028, *IM T,* vol. 3G, p. 119, 12s, lecture by Thomas before the gentlemen of the Foreign Office, May 24, 1939. - My emphasis - D. E. **Words** in brackets have been deleted in the original d o c u m e n t and replaced by the preceding words.
15 Ibid., pp. 131, 122.
16 see ibid., pp. 125, 130.
17 see ibid., p. 130 I.

to increase. Just as Schacht's policy since 1933/3fi, the Yierjahresplan policy served this goal in a potentiated way. The problem for the ruling class was to militarize the economy as early and as extensively as possible, i.e. to expand the potential of the war economy as much as possible during peacetime at the expense of peacetime production sectors and to mobilize it to the greatest possible extent.

The war-economic or armaments-economic potential of a country is a complex variable that cannot be expressed in a single figure. It stands in a certain relationship to the general economic potential of the country in question and represents, roughly speaking, that part of this potential which can be directly mobilized for the needs of military power and war.* Many other important indicators of the general economic potential are included in a differentiated way in the war economic potential without being identical to it: the labor force potential, labor productivity in industry and agriculture, the efficiency of the transport system, the level of industrial production and per capita production in industry, the rate of accumulation, the proportionality in the economy, in particular the ratio between the production of means of production and consumer goods, the level of development of science and technology, the strategic economic situation (dependence on foreign trade, trade routes), the country's own raw material resources, the available agricultural land and soil fertility.

With regard to the material side, the potential of the war economy has its theoretical limit in the economic potential itself, minus the means necessary for reproduction. Under capitalist conditions, however, there are insurmountable limits to an approach of the war economy potential to this limit. The foreign exchange crisis and inflationary phenomena in Germany were already signs of increasing changes and the resulting serious disturbances in the capitalist reproduction process in the phase of immediate preparations for war.

18 The relationship between war economy and economic potential is formulated by Kaldor, although he does not clearly define and distinguish between these terms and therefore coarsens them considerably *(Koldor, N icholas,* The German War Economy (Älanchester Statistical Society. **Paper,** read 22nd **May,** 1946), Manchester (1946), p. 4) : "… thewar potential of any **country** must be determined by at least **one** of the following four factors: the capital equipment of its industry, its available man-power, its supply of raw materials, and finally, the ability and skill of its industrial organizers, engineers and technicians . . the ultimate limits to a country's war potential are set simply by the quantity and skill of its man-power, and by the richness of ores and minerals of the areaa under its control or with which it is capable of trading." Curow', *A.,* Die kriegs- ökonomischen Theorien des westdeutschen Militarismus, Berlin 1961, p. 75 ff., who deals **in detail with** the bourgeois views on the factors of **war** economic and economic potential and the distinction between the **two** (ibid., p. 84 ff.). Cf. also *Lagou'ski, A. N.,* Strategie und Ökonomie, Berlin 1059,. pp. 28ff. ; *Krieg, Armee, Militärwissenschoft,* Berlin 1963, p. 317 ß.

However, the degree of mobilization and exploitation of the economic potential of war and, above all, its size in comparison to the overall economic power of a country depends decisively on its social and state order and on the moral factor as well as the character of the war it is waging.** Here it became apparent that the severe internal and external contradictions of the fascist regime created significant obstacles for the attempt of German imperialism to adapt the economic potential of the war to its war aims and plans.

The internal contradictions arose from the character of monopoly rule in its fascist form. These included, above all, the irreconcilably deep social and political contradictions between the ruling class and the people. ¥Whatever would have served an even deeper armament, a "deep armament", it would have had to affect the masses of the working people, including the middle classes: forced recruitment and forced redeployment of labor, reduction and qualitative deterioration of consumption ("guns instead of butter"), tightening of the tax screw, reduction of services, housing construction and consumer goods industries. A lot had already happened in this respect. But the fascist leadership felt that it had little room for maneuver. It had to fear for the masses of followers, its actual mass base. It had to know that they were numerous and sufficiently satisfied before plunging the nation into an adventurous, bloody war. This explained why the leading representatives of the regime showed great restraint and mediating caution almost throughout the entire war when it was necessary to place a heavier material burden on their own people and impose greater hardship on them. The extreme brutality of the regime and, in later years of the war, the military and foreign policy developments made the \\'contradiction that this represented ever more blatant.

I nterest conflicts and struggles within the ruling classes and groups also posed significant obstacles to a unified concept in the arms industry¡ they delayed its streamlined, centralized development for years to come.2*

The external contradictions arose from the international balance of power, against which German imperialism's attempt to extend its rule over Europe and the whole world was bound to fail by historical necessity. Although the German imperialists did not foresee their inevitable defeat, they were more or less aware of the weakness and inadequacy of their economic and armaments potential in a struggle against "almost the whole rest of the world" 2*. To mobilize this potential "totally" seemed neither promising nor necessary and feasible, but rather risky,

19 s. *Gurow, A., a.* a. 0.

20 s. Chapter III.

2t s. Doc. EC-282, Case XI, ADB tt9, DZA Potsdam, Nuremberg Trials, Case XI, hr. 408, p. 118, Carl lirauchs work report …, April 20/21, 1939 (see note 10).

because they are necessarily socially explosive. They were content with the "broad armament", the accumulation of ready-to-use military power. For the necessary They only ensured "depth" in armaments, i.e. a full utilization and expansion of the war economy potential appropriate to the strategic goals, within the framework of the short-term, provisional partial solutions offered by the four-year plan. They thought they had found in the Blitzkrieg strategy and its economic component a possible solution to the - in reality insoluble - contradiction between goals and possibilities, between their plans for world domination and the limited German armaments potential.

c) Die Ergebnisse der wirtschaftlichen Aufrüstung

The economic armaments of German imperialism during the war were nonetheless very considerable. They **were** incomparably **stronger** and more targeted than those of all other states. I n the following, these armaments, especially the
The strengths and weaknesses of the four-year plan were examined in the light of the results of the four-year plan. From 1937 onwards, investment figures grew faster than previously 22;

Investments in the industry

	Fixed asset investments (current RM)	Share of manufacturing industries **(in percent)**
1928	2,6	66
1033	0,G	55
1934	1,1	66
1035	IG	75
193G	2,2	76
1937	28	77
1938	3,7	80
1939	4,4	81

When evaluating this investment "boom", important aspects and figures must not be ignored. I t was not until 1937 that total industrial investment exceeded that of 1928. The investments made in industry between 1933 and 1939 were just about sufficient to cover the disinvestments.

22 Within the borders **of 1937,** according to: *Statistisches Handbuch von Deutschland **1928-1944,*** published by the **Länderrat des Amerikanischen Besatzungsgebiets (hereafter:** *Statistisches Handbuch j,* Munich 19fi9, p. 605 ; *Statistisches Jahrbuch {ihr das Deutsche Reich,* published by the Statistisches Reichsamt (hereafter: Statistisches JaMbuch j 19fi1/fi2, pp. 610, 612 ; 1939/fi0, pp. 583f. v. Statistisches Reichsamt (in the following : *Statistisches JaMbuch j* 19fi1/fi2, p. 610, 612 ; 1939/fi0, p. 583f.; **1938,** p. 565f. See also *Wagen{üM, Rol{,* Industrie, p. 20 (inaccurate source) ; 6r6e, Menü, a. a. 0., p. **111.**

since 1929 and to simply reproduce the production apparatus.> The twenty percent increase in national income in 1938 compared to 1929 was mainly due to a significantly higher utilization of existing production capacities.2* There was no comprehensive new investment in industry. But it underwent considerable modernization and rationalization, especially in its machinery. The vast majority of the capital invested was concentrated in the capital goods industries. The consumer goods industries paid for the "boom" to a not insignificant extent even before the war with the devaluation of their production apparatus.

At the beginning of the war, there could be no question of the monopolies and the state fulfilling their ambitious plans for self-sufficiency. However, the most sensitive gaps in the war effort had been provisionally plugged. There **were** considerable production successes, particularly in the areas of fuel and rubber.

Deutsche Treibstoffbilanz
(J9JJ, *1936, 1938,* J9J9)-

	193t	1936	1938	1939
1. Total consumption of Mineral oil products (in 1000 tons)	**3295**	**t590**	**6150**	approx. 7000-7200
2. thereof from domestic Raw materials (in 1000 tons)	1038	ISIS	2373	approx. **2950-3000**
3. proportion of 2 to 1 (in percent)	31,5	3t	39	ca. t2
t. Total consumption of Propellants (gasoline, benzene, diesel) (in i000 t)	2390	3t00	t575	approx. M30
5. of which generation from domestic raw materials (in 1000 tons)	773	1267	1866	approx. 2280
6. share from 5 to 4 (in percent)	32	37	fi1	ca. fi3

23 e. *?fiffrtinnn,* ff. *C.,* Comparative Strength of the Great Powers, in : Survey of International Guitar 1939-19fi6. 'the lYorfd *iii* Unrch J#4#, ed. by A. Toynbee and F. T. Ashton-Gwat- kin, London/New York/Toronto 1952, pp. fi371. Naingar, f. ff., The Development of German Monopoly Capital. Grundriß, Berlin 1959, p. 207 f.

2t s. *Llillmann. H. C., op.* cit. p. fi58.

25 Source: *Birken{eId,* lYof/gang, Der synthetische Treibstoff 193W19fi5, Göttingen/Berlin/ Frankfurt a. M. 196fi, p. 2181., 225. Differing figures in the *Effects,* p. 73 d., a n d *Statistical* Handbook, p. 310 f. For inaccuracies in dexi figures, see *The* £@acta, p. 73 note 1.

	1934	1936	1938	1939
7. of which (from fi) Production of hydrogenation plants (gasoline, diesel) (in 1000 tons)	i53	fi69	813	1012
8. Share from 7 to 4 (in percent)	6,4	14	t8	' a. Jij

The production of fuels based on domestic raw materials tripled between 1934 and 1939. Their share of total fuel consumption increased from around 30 to about 43 percent in the same period. Synthetic production (hydrogenation and synthesis plants) accounted for half of this in 1939.

had increased eightfold. At the beginning of the war, 14 hydrogenation and Fischer-Tropsch plants were in operation and six more were under construction [27] At the same time, the domestic

Oil production tripled between 1933 and 1939 **(almost** 750000 tons). Construction of the IG Farben Group's first Buna plant (Schkopau) began in 1936. One year later, the plant started production (3500 tons). In 1939, around 25,000 tons of Buna were produced and around 20 percent of the annual consumption of Kau tschuk was covered by Buna. The second plant (Hüls) began producing Buna in 1940. When this plant was running at full capacity in 1941/42, the demand for rubber - with a sharp reduction in civilian consumption **just** below the peacetime level - could be completely c o v e r e d by synthetic production. In the first two years of the war, however, the rubber shortage, initially more than 50 percent, caused serious damage to the German imperialists.

The increase in German iron ore production from 1933 to 1939 to around six times as much (14.7 million tons) could not reduce the dependence on foreign countries (60-65 percent) as a result of correspondingly higher ore consumption, especially as the average Fe content of the raw ore mined in Germany fell from 32 to 27 percent in the same period.

By exerting heavy state-monopoly pressure on agriculture, the fascist agricultural politicians and planners attempted to reduce the dependence on foreign countries for food and animal feed, which they regarded as one of the greatest dangers for the conduct of the coming war. The general rate of import dependency for foodstuffs, which had amounted to 32 percent prior to the ¥world economic crisis (1927/28), had already fallen to 20 percent in 1933/34, but could not be reduced any lower than l7 percent by 1938/39. At 45 percent, the under-balance for fat

26 For sources, see note 61.

27 *Alone, Burton H.,* op. cit., p. 32 ; *Birfcen/efd,* **Idol/gung, op.** cit., p. 138, **gives** only seven and five hydrogenerators respectively.

28 s. *Statistisches Hiindbuch.* p. 312 ; *The Effecls,* p. 83 f. ; *Treue, IVilhelm,* Gummi in Deutschland, Mün chen (1955), p. 300.

29 s. *Statistical Handbook,* p. 281; *Allein, Burlon H., n.* d. 0., pp. 50, 57, 116.

largest. Food had to be imported at a rate of 30 percent. The fascist state could not avoid building large storage and reserve warehouses, some of which had to be newly built and equipped.3* This stockpiling also swallowed up considerable foreign currency.

In the final pre-war years, quite extensive stocks of raw materials, metals and fuels essential to the war effort were built up. Fascist Germany was able to wage war at full strength for a good six months under blockade. Such stocks existed in non-ferrous metals, ferro-alloy metals and mineral oil,

Natural rubber (for about two älonates), iron ore, industrial fats.

The results of the economic preparations for war during the Four-Year Plan were, like the preparations of German imperialism for war in general, ambivalent. The Four-Year Plan itself initially represented a compromise, so to speak, between the concepts of "broad armament" and "deep armament". Originally planned to be more comprehensive, the self-sufficiency efforts as well as the stockpiling, the exploitation of the working classes and the

"Kanonen-statt-Butter" policy as a whole was already limited before the war. A ucli in its later, more modest versions, the plans of the four-year plan authorities were not fulfilled.

Nevertheless, the increases in production and other economic efforts for the war were very considerable at this time. The core of the indirect economic preparations for war were the costly, partly privately and partly state-financed, but in any case state-subsidized or price-guaranteed, production plan projects of the corporations, especially IG Farben.

industrie AG and the Reichswerke "Hermann Göring".

The production of the newly built plants was often disproportionately expensive and of inferior quality (synthetic fuel, Buna, iron ore, rayon). The price of Buna, for example, was initially three times as high as the world market price for natural rubber, despite the lower quality of the rubber. More than five kilos of coal had to be used to produce each liter of synthetic gasoline (6 kg of coal per kg of aviation fuel); one kilo of Buna consumed 20.5 kg, one kilo of aluminum 17.7 kg of coal, mainly due to the enormous energy consumption. The planned projects for gasoline production alone were estimated to consume 62 million tons of lignite and 26 million tons of hard coal at the start of production (1942/43); that was one third of the lignite and about 15 percent of the hard coal consumption.

percent of the hard coal production of the pre-war era in 1937 (in 1938, consumption amounted to 13 or 1.2 percent).*2 Irrespective of the fact that the development

30 cf. ***petzino,*** *Dieter,* Autarkiepolitik, p. 95.

31' s. **3fe/zer,** *Rolf,* Studien **zur** Agrarpolitik **der faschistis** chen deutschen Imperialisten in Deutschland im System der Kriegsplanung und Kriegsführung 1933 bis 19fi1, phil. Diss. Rostock 1966, p. 3fi ff.

32 Calculated according to: Doll. EC 282, Case XI, ADB 119, Arbeitsbericht v. Carl Krauch vor dem Generalrat des Vierjahresplans, Entwurf v. 20./21. 4. 1939, DZA Potsdam, Nürnberger Prozesse, Fall XI, Nr. fi08, Bl. 511. (dat. 28. fi. 1939) ; £totistisches Ja6rbuc6 {ür *das Deutsche Reich,* 1939/fi0, p. 165.

As the economic labor productivity was adversely affected by the large investments in these areas of production, a number of enormous production facilities were built with a huge expenditure of resources and energy, which imposed increasing hardships on the people.

Although the war-economic potential of German imperialism was mobilized and expanded in ways that were so ineffective for the national economy, Hitler and the General Staff's blitzkrieg conception gained a thoroughly viable economic basis. From this point of view, the Four-Year Plan was a "relative success" for the German imperialists.

However, the imperialist annexations immediately before the war played a not insignificant role in this result. In March 1938, German troops occupied Austria, and in October 1938, parts of Czechoslovakia. From then on, German imperialism had the economic resources and especially the war economic potential of these territories at its disposal. In 1939, for example, 3.7 percent of the crude steel produced in the Reich (1937 borders) was p r o d u c e d there, 4.5 percent of finished rolled products, 10.2 percent of lignite, 19.4 and 20.5 percent of crude oil and iron ore (both only Austria), 108 percent of graphite, 27.4 percent of pulp, 15.6 percent of leather and 8 percent of electrical energy (kÄVh). After the occupation of the remaining Czech territories in March 1939, these figures increased considerably in some cases, for example to 25.7 percent for iron ore, 10.7 percent for crude steel, 11.8 percent for finished rolled products and 11.6 percent for electrical energy.^ With the Skoda works, one of the leading European arms manufacturers, and with Czech industry the sixth strongest industry in Europe (excluding the Soviet Union), came under the control of German imperialism. In March 1939, Quartermaster General Wagner noted the following about the loot of weapons and war equipment

"simply staggering figures".[36] The significant additional potential had of course not yet been fully realized by the start of the war.

ÄAs far as the internal, structural preparation of the economy for war was concerned, the "classic" features of state-monopoly capitalism discovered by Lenin - public regulation of production and distribution, coercive regimes towards workers (general compulsory labor service) - experienced a pernicious renaissance under fascist auspices long before the outbreak of war, i . e. under conditions that were particularly conducive to their extreme manifestation. Years before the war, the raw materials market, foreign trade, agricultural production and markets and the labour market were largely regulated publicly by means of compulsory associations and organizations and by law. In the Reichsgruppe Industrie, in the Reiehstelle für W irtschaf tsausbau and in the Behörde

33 *Pelzina, Dieter,* Autarkiepolitik, p. 194.

34 s. *Statistisches Jahrbuch, 196 I!6*z,* p. 665

ff. 3ü see ibid. p. 64 ff.

36 *Der* Gerieralquarlierineister, II'ünchen/Wien 1963, p. 87, letter from General Eduard **Wagner** to his wife, March 30, 1939 - **"Four military training areas were to be cleared for this purpose."** (Ibid.). See also ibid., p. 82 f. (l7. u. 18. 3. 1939).

The large monopolies, highly actively involved in the preparations for war, intervened directly through leading company representatives in the GB Chemie, in the economic groups, etc. In **close** cooperation with the authorities and the military, they p r e p a r e d the German economy for war with the help of "mob plans" and war games.

Particularly thorough work was done to bring the working class under state monopolistic control. In 1934, metal and agricultural workers were tied to their occupation and company, at the beginning of 1935 the work book was introduced, and in the fall of 1936 and the beginning of 1937 there were stricter compulsory restrictions on metal and construction workers. Finally, the first "Ordinance to Ensure the Supply of Manpower for Tasks of Special Political Importance to the State" of 22 June 1938 introduced a general obligation to work with the legal establishment of the fascist "service obligation", which could be imposed on any German citizen.** The beginning of the war thus saw a state-monopoly economic regulation and order that was unprecedented in peacetime and a coercive regime ("military breeding house") for working people that in some cases even exceeded the level achieved in the First World War.

d] Crisis points of the state-monopoly arms industry

In his work, which is rich in material, Hillmann demonstrates German imperialism's comprehensive economic preparations for war and its competitive edge over the other powers. However, he concludes: "All the same, much more could have been done in the way of economic mobilization for war, if German planners had relied less on blitzkrieg strategy." As we have shown, this view is unhistorical and therefore wrong. With it, the **quoted** author comes close to the **questionable** theses of Burton Klein and various reactionary, openly politically committed I'er publications.

Of course, a country's armament efforts, its arms production, its arms expenditure and also the expansion of its armament capacity are not synonymous with this capacity itself, with its armament economic potential. In the "realization" of this potential in peacetime, however, every capitalist state is subject to certain limits, especially due to the resistance of the masses, but also due to economic crises peculiar to an overheated arms economy. Finally, tactical contradictions within the ruling imperialist circles and - usually related to this - relative weakness and the lack of political will can also be a limiting factor.

37 see *Kuczynski, J'ttrgen,* Lage der Arbeiter **1933-1945,** pp. 144 d., 218 ß. ; *the same,* Studien **1918-1945,** pp. 147 ff. ; *hlason, T. V'.,* Labor in the Third Reich, **1933-193S,** in : Past & Present, hr. 33, Apr. 1966, p . 136.

38 *Hitlmann, H. C.,* op. cit. p. 490.

The extent and speed of this process is negatively influenced by the inconsistency of the state monopoly apparatus.

For their part, the factors mentioned are much more likely to become the root causes of foreign policy and military strategy planning and, in the case of fascist Germany, the demiurge of the "Blitzkrieg strategy" than, conversely, such a strategy becomes the cause of the economic and armaments policy baseline, even though the strategy, once worked out, must of course have a significant influence on economic policy and armaments planning.

All the factors mentioned played a certain role in the German arms industry before the war. Particularly important in our context are the economic crises that increasingly characterized the economy in the last few years before the outbreak of war.

For some time before the war, the overstretching of the German economy due to the excessive armament and self-sufficiency efforts became apparent at various critical points. The most important crisis points were the shortage of **labor** and materials and - related to this - the wage and price problem as well as the threat to the currency posed by the danger of infection.

As early as 1937, there was a shortage of labor in important branches of industry. Full employment" in peacetime, at a time when the new armaments and four-year plan targets had not even been remotely achieved, presented the monopolies and the Nazi leadership with the most far-reaching economic and political problems. **Although** they immediately completed the coercive state-monopoly apparatus and, in particular, attempted to continue the restrictions on freedom of movement to the point of a kind of true serfdom, the surplus of orders and "full employment" constantly worsened the conditions for the state-monopoly regulation of the labor market and made it more and more difficult. They set in motion an economic mechanism that made the entire regulatory system more and more difficult.

system threatened to malfunction.Ä1

In particular, the legally prescribed wage freeze, one of the most important calves of monopoly capital against the working class since 1933, began to seriously weaken in its effect. The performance-enhancing incentive methods in industry were not matched by a genuine, general wage increase. The workers, who were deprived by the state-organized terror of the possibility of a comprehensive, united struggle for higher wages, sought in growing numbers to take up work in better-paying companies. The increasing fluctuation became a particularly important form of economic class struggle under the conditions of the state-monopolistically tightly organized armaments industry. Wage-driving tendencies prevailed in the armaments industry. The armaments companies increasingly poached workers from each other. Despite all

39 s. *JEuczyzzski, Jifirgen,* Lage der Arbeiter 1933-t945, p. 152.
40 Ibid., p. 218 d.
4 l Very revealing facts about this in: *Wason, T. W.,* Labor in the Third Reich, p. 126ff.

Due to the legal obstacles to free movement, the fluctuation of workers in industry and agriculture increased. Hidden and open resistance to the restrictions on freedom of movement, especially to compulsory service, increased. This form of economic class struggle took on significant proportions from 1937 onwards and became the most important form of economic struggle of the working class against monopoly capital. The workers thus adopted a form of struggle appropriate to the extraordinarily difficult and complicated conditions of the class struggle. The fluctuation was not completely spontaneous. On the contrary, the sources often testify to solidarity-based action. "The previously mentioned migration of followers from lower-paying companies to better-paying ones continued unabated. Recently, a silent exchange of news about wage levels in various companies is to be assumed, probably by sending wage packets. Individual factory managers described the mood of the workforce as miserable. Almost all skilled workers were striving to leave their companies and join big industry. "*2 A year later, the "Treuhänder der Arbeit" reported on increasing unemployment.

The workers' wage struggle; wage increases could only be stopped with coercive measures.43 In the spring of 1938, the exodus also increased from

The loss of labor in companies important to the armaments industry, especially in the mining industry, was apparently on a massive scale. Companies such as Salzdetfurth/Mansfeld demanded "swift and effective measures … if the loss of manpower is not to lead to serious declines in our important production. "** They called for the legal enactment of a drastic restriction on free labor.

for Bergarbciter,45 such demands were also made increasingly by

represented by the central monopoly organizations such as the trade groups and economic groups (especially the mining economic group). The "Ordinance to Ensure the Supply of Labor for Jobs of Special State Policy Importance "*° of June 22, 1938 finally largely complied with the wishes of the monopolies; according to it, every German could be forced to do any kind of work.

The struggle for freedom of movement and higher wages was by no means over. While the ruling class demanded even stronger means of coercive state-monopoly regulationÄ7 the workers' resistance to the state monopoly grew.

42 DZA Potsdam, Reichswirtschaf tsministerium, Nz. 8947, p. 220 f., excerpt from the economic situation reports of the district presidents etc. from Dec. 1936, January 1937 (Saxony, Thuringia, Westphalia).

S3 DZA Potsdam, Reich Ministry of Economics, No. 10 293, p. 356 fl., excerpt from the monthly reports of the Reich Trustees of Labor for Jan. Jan. and Feb. 1938.

44 BA Mansfeld, No. 480, Bd. 2, Mansfeldscher Kupferschieferbergbau AG to Landesarbeitsamt Halle, 6. 5. 1938.

S5 Ibid. 46 *RGBI.* 1938 I p. 652.

t7 s. Nucsyrtsüi, Jürgen, Lage der Arbeiter 193s1945, p. 219f. (Protoholl d. Bespr. between Thomas, Poensgen and others, September 23, 1938).

Despite the increased Nazi terror, the "increase in output", work stress and overwork, wage deductions and forced service obligations led to several major organized actions in the most important industrial areas and in the fi'est wall buildings. In many cases, these campaigns ended with partial successes for the workers.

The situation was complicated and dangerous for the fascists. They could not enforce the wage freeze unless with such increased teri-or and state monopolistic pressure that the significant social and political difficulties they faced had to multiply. War was just around the corner, and "improved performance" in armaments was what they needed. Violence and terror proved to be largely ineffective. Monopolies and fascists were urgently looking for stimulants to increase the enthusiasm and performance of the already hard-pressed workers. However, methods that could have seriously harmed the interests of finance capital naturally had to b e disregarded. The coal and steel companies were already very displeased when Göring, alarmed by the development of production and by the fl uctuation and stimulation among the miners, broke through the previously valid principles of wage freezes in the mining industry itself. The incentive wages and bonuses that the mining industry was supposed to pay miners under the "Göring Decree "* for overwork and higher record performance were hardly successful, but instead provoked passive resistance from workers who had already been exploited to the utmost. "At our collieries," reported Klingspor, a member of the Board of Management, about the Salzdetfurth Group's coal mines, "the performance is quite dismal. Apart from the many absences due to sick leave, vacations, etc., there is a sharp drop per man and shift."

Production in industry also stalled here and there due to a shortage of materials, sometimes even in the defense industry. The supply of imported raw materials was insufficient and irregular. The German raw materials industry had reached the limits of its capacity. There was an acute, severe shortage of labor in the coal mining industry. The iron and steel companies were overwhelmed with orders and set ever longer delivery deadlines. Complaints about this became particularly frequent in the spring-summer of 1939.

In this situation, the price freeze could only be maintained with strong state monopoly coercion - to the extent that there could be any talk of a price freeze at all. The pricing of armaments was and remained essentially the domain of the armaments monopolies. As a result, the entire armaments market was outside the price freeze from the outset and acted as an independent inflationary force.

48 s. *Gesthiclite der deutsthen* Ar6eiter6ew'egung, vol. 5, p. 2311.

49 s. "Verordnung zur Erhöhung der Förderleistungen und des Leistungslohnes im Bergbau" (so-called Göringverordnung) of **March** 2, 1939, *RGBI.* 1939 I p. 4821. See also *Jonas,* lYof/g'ing, Das Leben der Mansfeld-Arbeiter 1924 bis 1945 (Gesch. d. Fabriken u. Werke, Bd. 1), Berlin 1957, p. 3fi9 d.

50 BA **hlansleld, No.** 524, Walter Klingspor to Rudolf Stahl, Chairman of the Executive Board of the
Group, July 13, 1939.

factor. The price freeze system itself had already been perforated in countless other places. It was increasingly one-sidedly directed against small businesses, farmers and the consumer goods industries and fueled the social discontent of these circles and classes.

The economic crises converged and culminated in the infiationist tendencies. In the last few years before the war, the increase in production and employment was largely due to armaments orders and construction as well as annual plan construction, which placed an unprecedented strain on state finances. The Reich's debt grew at a rapid pace. The printing press worked at high speed. The circulation of banknotes (within the limits of 1937) more than doubled from the beginning of 1933 to the beginning of 1939; around 60 percent of this increase occurred in 1938 alone.°* The growing circulation of money was not matched by a correspondingly expanded reproduction of the national economy; an increasingly significant part of the national income was absorbed by the maintenance, armament and equipment of the fascist military machine.

The leaders of the fascist regime could not close their eyes to the acute inflationary dangers. The debates surrounding this problem were reflected in numerous memoranda, circulars, conferences and meetings. In the memorandum by Schacht and the Reichsbank
directorate for Hitler on January 7, 193952 , there was talk of an imminent collapse of the financial system. The Reichspreiskommissar Josef Wagner had,
as he wrote with relief in September 1939, after the enactment of the War Economy Ordinance, "decided even before the start of the war ... to take drastic measures to counter the development of conditions in the German economy, which was becoming increasingly dangerous for price policy. "53

The phenomenon of an inflationary arms crisis posed insoluble problems for the fascist regime. The pace of rearmament that had been set since 1935 was bound to lead to the crisis-ridden contradictions outlined above, given the limited economic resources; this crisis in turn had to slow down the pace of armament. However, this threatened to push the war aims that German imperialism had set itself into the unattainable distance. This lack of economic sustainability, combined with the regime's domestic political and social insecurity, had a considerable influence on the economic, political, foreign policy and strategic decisions of the Nazi leaders and the military.

51 Doc. EC-369, fdf Z', vol. 36, p. 370 f., Memorandum of the Reichsbank Directorate for Hitler, January 7, 1939.

52 Ibid., p. 36poff. ; cf. also Doc. EC-419, *IM T,* vol. 36, p. 492 ß., Reich Finance Minister Schwerin v. **Krosigk** to Hitler, September 1, 1938.

53 Decree of the Reich Price Commissioner :ux the Head of the Chamber of Commerce and Industry of Sept. 9, 1939, in : *Milteilungsblalt dies Reitltsl oniinissars (ihr* die *Preisbitcl utig,* Jg. 1939, T. I, p. 392 (Er. 38, Sept. 18, 1539).

The arms crisis was nothing other than the eclat of the contradictions of state-monopoly war preparations on the scale pursued by the monopolies and the Nazi clique. In it, the deeper contradiction between the war aims and the economic potential of German imperialism found conspicuous expression; in it, the lawfulness of Hitler's defeat in the Second World War was already apparent.

e) Germany in international comparison
of economic returns and resources

An international comparison of economic armaments and resources for the period before the outbreak of war must include both the expenditure on armaments itself as well as the armaments and war potential and finally the economic strength of the countries concerned in general. There is still a lack of such comparisons, which is probably mainly due to the difficult source situation. Where they do exist, the often highly dillusional statements give cause for the utmost caution and the closest scrutiny.

Even the figures for German armaments expenditure from 1933 to 1939 fluctuate between around 50 and 90 billion RM.> There is no space here to discuss the problems of these calculations. Taking into account the sources and \values of Hillmann>, Stuebel** and SchweitzeM and after converting the fiscal years to calendar years, the following rough figures emerge :

//f/sfungsauzgoöezz des Reiciies 19ü3-J939 (in RM million)

1933 (Feb.-Dec.)	1,5
1934	2,8
193"	5,5
1936	11,0
1937	lfi,1
1938	16,6
1939 (Man.-Aug.)	16,3
Armaments expenditure of the civilian departments	fi,0
Together	71,8

5fi cf. the summaries and comparisons in *Mason, T. I'V.,* Some Origins of the Second World V'ar, in : Past & Present, No. 29, December 196fi, pp. 78fi, and in *Ki-* czyitski*, Jiirgen,* Studies 1918-1945, pp. 128f. New values in *Schn'eitzer, Arthur,* Big Business, p. 330 ff.

Ii5 cf. discussion and calculation methodology in *Kuczynski,* Hingen, Studien 1918-l9fi5, P. 128fl.

56 *Hillinann, H. C.,* op. cit. p. fi52 ß., fi92 f.

57 *Stuebel, Heinrich,* Die Finanzierung iler Aufrüstung im Dritten Reich, in: Europa- Archiv, H. 12/1901, p. fi128d.

58 *Schweitzer, Arthur,* Big Business, a. a. 0.

To this sum of run'l 72 ältl. RM must be added to the expenses for maintenance, equipment and training of the paramilitary branches of the N SDAP and similar organizations (SS, SA, NSFK, NSKK, Organization Todt, etc.).[5*] Kuczynski proves that the Lü- ndler family and the municipalities spent their ¥l funds on armaments.< At a conservative estimate, the sum of direct armaments expenditure by German imperialism from 1933 to 1939 probably *a m o u n t e d t o* about *78 lililinrden Älark.* Further significant amounts for both direct and indirect armaments expenditure must be added to this sum. Firstly, the secret armament funds of the Reichswehr, especially from the years 1933 and 1934, must be taken into account, various "black funds", the number and exact amount of which are still in the dark. Secondly, Kuczynski has shown, at least for the financial year 1936, that the t'chrmacht made very considerable demands over and above the armaments budget, which were probably largely satisfied.[6*] Above all, however, the sum mentioned does not include the most important direct armaments expenditure, namely the state grants, subsidies, price guarantees, etc. for the Four-Year Plan projects, whose total investment sum for 1937-1939 alone was planned at around RM 9 billion, as well as no private investments in the Four-Year Plan and in the armaments industry in general.

There is therefore no doubt t h a t the armaments expenditure of German imperialism from the beginning of 1933 to September 1, 1939 reached and possibly exceeded the total amount of 90 billion RM calculated by Kuczynski.

The following international comparison of armaments expenditure is based on figures and conversions which, apart from the underestimated

U'Crten for DeutSChlaf1d, eif1ef1 rel.a tiv ztlverl **äSSigell** Eifldruck märheIl.*2

Riistiingsoiisgn6cri *of the Gro$m"iclile*
(converted *into Md. dollars j*

	S um mc 193	1938	1938		Total 193	1938	1938
USA	+',3		1,1	Germany	15,9		5,7
(Soviet Union	l2, ra		4,5)	Italy	3,8		0,8
Great Britain	4,8		1,0	Jupon	5,c		2,5
France	3,7		1,0				

59 s. *II* ***uczynski,*** **Jürgen,** Studien 1918 - 1945, p. 131f. ; *Scliweilzer, Arihiir,* Big Business, S. 332.

60 s. if ***iiczynshi,*** Jürgen, Studicn l918-19 'o, p. 132.

61 see ibid., p. 133, 213 ff.

G2 s. ff iffmnnn, *H. C., u. u. 0.,* p. 4s a. The figures for the Soviet Union are to be used with caution and reliability, but are based on relatively reliable sources (Völker- la u ii'1s t. itistik). Very civilized \'crg1eich figures on "armaments production" are printed

According to these figures, German imperialism armed itself almost twice as much as the British and French combined in the pre-war years. The four main powers of the later anti-Hitler coalition were only able to stand up to the armaments of the fascist triple bloc when they were united, and even then only by a very narrow margin. The international balance of armament efforts demonstrated the clear superiority of fascist Germany over its western and eastern neighbors. The durability of this armaments superiority or, to put it another way, the ratio of Germany's armaments potential to that of its probable opponents had to be of essential, indeed decisive, importance for the course of the coming war.

The numerical comparisons made here can, of course, only take into account the material side of the problem, and even then only in a very simplified form. Hillmann's useful calculations refer to the year 1937 and are based on the ratio between the production of capital goods as the decisive production sector for the production of war material and total factory production (manufacturing output); this ratio is weighted by the relative industrial strength of the countries:

Share of ***the major powers***
on the economic potential of *the held (1üd7)*

USA	41,7
(Soviet Union	14,0)
Great Britain	10,2
France	4,2
Germany	14,4
Italy	*2,ro*
Japan	3,5
Together	90,5

In view of these figures, the German arms race appears in a different light. The balance of power was far less favorable to the fascist side i n terms of the potential of the arms industry than the figures of the

\Yagenf ühr *[Wagen(ühr, Itol(,* Industrie, p. 23) by Sternlier;; or by GoIdsinith al' *(Goldsmitli, RaymoM f'i'.* The Power of h'ictory. Äiunition. Output in \Yorld \Var II. **Military** Aßairs, 1946, p . 72 fl.).

63 see *ififfmonn, H. C., op. cit.* 0., p. fifi6. Inanufacturing output is understood to mean industrial production with the exception of mining, bati industry and electricity generation; capital goods industries are understood to mean aluminum, shipbuilding, vehicle construction, metal goods industry, chemical industry, optical and precision engineering industry and part of the mining industry (especially iron metallurgy); see ibid. p. 432, fi4 4. The interpretation of this term is undoubtedly too narrow. - The figures for the Soviet Union here are \Y values of the Yölkerbund statistics corrected with indubitable methods (see ibid., p. fi29, fi32, fi39) ; see note 62.

armaments production and armaments expenditure. This also meant that the degree of utilization or "realization" of the armaments potential - the ratio of the actual level of armaments to the armaments potential - was far higher in the fascist states in the pre-war years than in the other states.

However, German imperialism, alongside the USA, was far ahead in the production of machine tools, this "key to rearmament", and thus had excellent opportunities both to rapidly expand its armament capacities and to adapt the entire industry to war conditions in a short space of time and convert it to the production of war material. In 1938-1939, Germany produced twice as many comparable machine tools as Great Britain. The German stock of machine tools (around 1.3 million units in 1938) was also double that of Great Britain, even exceeding that of the USA and was around three times as high as that of the Soviet Union. Finally, the proportion of multi-purpose machine types in Germany was far higher than in the other countries. At that time, German imperialism was the best-equipped and best-prepared power in the world in terms of conversion to war production.^

The most general and in the long run always decisive material factors in the balance of power between arming or belligerent states are the overall economic strength and the overall economic potential. The armament-economic or war-economic potential, although the most important and most complex in our context, is only one of many indicators of the total productive power of each country or group o f countries.

Only two of the other important indicators can be examined here. A comparison of the industrial production of the countries examined leads to similar, but even clearer results than that of their armament potential<:

Anteil der Großmächte an der Weltindustrieproduktion (manufacturing output) in Prozent

	1937	1938
USA	35,1	28,7
(Soviet Union	**14, 1**	t7,6)
Great Britain	9,t	9,2
France	4, 5	t,5
Germany	**11,4**	13,2
Italy	2,7	2,9
Japan	3,"	3,8
Together	80,7	79,9

64 **s.** ***Hilfmnnn, H.*** *C.,* op. cit. p. fi52.

66 See ibid. p. 439. Regarding the definition (manufacturing output) and the figures for the Soviet Union, see note 62 and G3.

The year 1938 was a year of crisis for the Western capitalist countries, especially for the USA. Nevertheless, it remains clear that all the conclusions to be drawn from the comparison of the potentials of the arms industry apply here to a greater extent.

Finally, the approximate comparative figures for the development of labor productivity are highly informative:

Productivity per hour worked in *1937 (up* eight *on 1929 -,*

USA	20
(Soviet Union	70)
Great Britain	20
France	33
Germany	9-10
Italy	9-10
Japan	21

The fact that fascist Germany lagged behind in the development of its labor productivity must - despite various external influences on this development - be seen as a typical sign of the internal, social weakness of the regime.<

German imperialism unleashed the war as the third strongest industrial power in the world behind the USA and the Soviet Union. It had been **arming itself** with all available means since 1933 and had surpassed all other countries in the pace of armament since 1935 at the latest. At the beginning of the war, it was superior to them in the field of armaments production. In the last years before the war, it had **expanded** its **armaments capacities even further.** The monopolies and the state had considerably reduced the shortage of raw materials and fuel. They were therefore well prepared economically for shorter wars.

The state monopoly apparatus for the public regulation of the arms industry and its transition to the war economy had been developed and tested for years, to a large extent since 1933/34.

However, the German armaments advantage was bought at the price of growing internal instability and disproportionality in the national economy. For an overheated armaments industry

66 See ibid. p. 433. According to Hillmann's figures (ibid., p. 439), the Soviet Union was behind the leading USA in terms of absolute labor productivity, but had **already caught up with** or overtaken both Great Britain and Germany in terms of productivity per employed industrial worker by **1937. According** to Hillmann, if Great Britain's productivity level8 is **set** as 100, the **result** is approximately 108 for Germany, 116 for the Soviet Union and 220 for the USA.

bl cf. ibid. p. 4371.

68 See also Olsson, *T. W.,* Labor in the Third Reich, 193W1939, op. cit. p. **131 fi.** ; Kuczyrieki, Jiirgen, **Lage** der **Arbeiter** l93W1945, pp. 177 ff, 2381, 2581.

The crisis events typical of the economic cycle occurred at an early stage and had an indirect impact on political and military decisions.

The economic resources of German imperialism were very inadequate and insecure in the long term, and its economic potential for war was limited. On the other hand, its claims to supremacy in Europe and its plans for \world domination were bound to bring it into bitter opposition both to the Soviet Union and to the imperialist \world powers. In terms of general economic strength, he was inferior to his prospective opponents; he could essentially only "improve" his position through rapid military conquests of large parts of Europe and corresponding economic expansion. These facts foreshadowed the catastrophe for German imperialism at the end of a protracted war against the other world powers.

2. War aims and war planning of the German monopolies

a) Four-year plan and monopolies

The four-year plan that Hitler announced in September 1936 at the party congress of the fascist party in Nuremberg with great propaganda effort was, according to the regime's proclamations, born out of scarcity and threat and was supposed to serve the defense of the existence and the economic basis of life of the German people. Nevertheless, the plan's aggressive expansionist basic line shone through clearly enough through the wild anti-communist and anti-Soviet tirades of Hitler's speech, when he shouted demagogically to his fanatical followers: "\If the Ura1 with its immense raw material cliä tes, Siberia with its rich forests and the Ukraine with its immense grain fields were in Germany, it would swim in abundance under National Socialist leadership. \Vir would produce, every single German would have more than enough to live on. "[69]

Hitler's secret memorandum of August 26, 1936 provided more comprehensive and clearer information about the actual goals of the Four-Year Plan policy.[70] The Four-Year Plan was an instrument of the aggressive policy of the most reactionary, war-loving circles of German finance capital. If the Four-Year Plan was inspired by a deficiency, it was the lack of expansion opportunities for the monopolies; and it was the deficiencies in the war-economic potential of German imperialism that were to be remedied with its help. The four-year plan policy was a policy of immediate economic preparation

69 *Völkisclier Beotachter, l4. 9.* 1936.

70 s. 7'reite, TVifftrfm, Hitlers Denksclirift, p. 206fl. ; see also A bsection 1. - T he date of the memorandum was specified according to *Scliiveitzer, Arllt ur,* Big Business, 5. 547.

to the imperialist war. Erich Neumann, Göring's permanent secretary of state in the four-year plan organization, formulated their goal five years later without equivocation: "It was therefore important to bring Germany militarily and economically into a state in which it could enter the political conflict over the Greater Reich with the prospect of the greatest success. This had to bring two results: firstly, the restoration of Germany's own sovereignty, which had been destroyed by the Treaty of Versailles.

\Economic foundations of the German people and then an expansion of the German sphere of influence, which allows it to supplement its own economic forces from outside to the extent necessary, i.e. also to ensure the life and prosperity of the German people completely and permanently by organizing exchange with neighboring areas." **

The plan and the policy of economic "self-sufficiency" or autarky not only corresponded to the immediate profit desires of the monopolies actively involved in the four-year policy, but also to their expansionist strategies. The plan was to form the economic basis for their far-reaching imperialist objectives. They were not "only" concerned with the immediate profit from the four-year plan investments and from the armaments business in general, with the profit from the sweat of the German working people; they were above all concerned with the enormous profit that could only be made from the blood of entire peoples, even parts of the earth. The mass bloodshed was merely the continuation of the sweat extraction by other means, by means of war.

The thesis of bourgeois historiography that Hitler and the fascist party only made use of the large corporations or even forced the "economy" to serve their goals because they could not dispense with their industrial and scientific capital completely distorts the facts. In reality, the four-year plan policy was the \veg of German finance capital itself to its war and its war aims, which it wanted to finally and swiftly measure through with the help of the political and military potencies of the Hitler clique and the Hitlerwehr.*2

The year 1935 ushered in a new phase of military rearmament with the proclamation of general conscription. The armaments business grew by leaps and bounds as the number of divisions, tank corps, aircraft squadrons and warships soared. But the economic and political rulers saw

71 Doc. NI D-13844, Case XI, ADB 120D, DZA Potsdam, Nuremberg Trials, Case XI, No. fi13, p. 2f'1, Neumann's lecture before the Berlin Academy of Administration, 29. 4. 41. - At the time of the lecture, Neumann was Managing State Secretary of the General Council of the Yierjalires Plan. In l9fi2, the potash companies elected him to succeed the late General Director of the German Potash Syndicate, August Diehn.

72 Petzina is the only non-Marxist author who at least approaches a new question in this area, which is generally taboo for bourgeois historiography; see *Pelzina, Dieser,* Autarkiepolitik, p. 27 *II. -, derselbe,* IG-Farben und nationalsozialistisclie Autarkiepolitik, in : Tradition, H. o^/1968, p. 250d .

further. The war, which was now approaching, demanded strategic decisions in all areas. The corporate and bank lords played a direct and leading role in these decisions in high state-monopolistic functions. They planned the strategy of economic preparations for war, calculated and assessed the far-reaching economic consequences of the approaching war.

The German monopolies now believed themselves to be much closer to their old goals - liquidation of the Versailles system and its consequences, domination of Europe, supremacy in the world. This spurred on their activity and initiative. They submitted urgent, more or less far-sighted and comprehensive proposals, plans and demands to the fascist state and party authorities. At the same time, they were engaged in an increasingly fierce struggle with each other for favorable state-monopoly starting positions for the new rearmament phase.

The Saar industrialist Hermann Röchling, ruler of the Röchling Group, had been conferring and corresponding with Göring about autarchy plans since the fall of 1935. His first goal, the incorporation of the Saar region into fascist Germany, had been achieved; he was already preparing for the struggle for greater goals, now in the form of a "possible armed conflict",[73] For this case he was convinced "that we had enough iron ore in Germany to cover our needs." After Göring's appointment as "Commissioner for the Four-Year Plan", he presented him with a plausible calculation: "The great task of supplying Germany entirely with its own ore in the event of an emergency comprised t m. In my opinion, at least the production of 14 million tons of pig iron per year, as much as we had available in 1916 and 1917. Our opponents had four to five times as much production and could make any amount of iron available for the war effort. Our troops were not amply supplied with the necessary ammunition, nor with the other requirements. At the same time, the railroad had to make an unheard-of depletion of its material ... This leads to the conclusion that we must have at least the amount of pig iron available during the war, i.e. 4 million tons of iron per year, if we want to cover our needs to some extent. You may say that you would like that too, but that it is not achievable. I would reply to that: "Since the ore is available and we still have human reserves, it is hard to see why this goal cannot be achieved." **

Krupp and Flick also supported the plan to make German imperialism largely independent of imports of iron ore, which were at risk in the event of war. They were among the pillars of the state-monopoly Four-Year Plan group, which gathered around the core of this group, the Göring/IG-Farben interest and power bloc.

73 Hermann Röchling to Göring, **March 27, 1937,** printed in : ttnez-en*, T. R.,* Aus Göringa Schreibtisch. **Ein** DoLumentenfund, Berlin **1967,** p. 73 ß.

76 Ibid., p. 76 ff.

The IG Farben Group assumed a dominant state-monopoly position in the Four-Year Plan.[75] From the very beginning, production and investment planning in the Four-Year Plan, as well as the implementation of the plans, were largely monopolized by the representatives of the IG Farben Group. Chemical investments accounted for 91.5 percent of total investments. In the first year 1936/37, the Group accounted for[76]:

Of the total amount of industrial investments 66.5 percent Of the investments in the chemical sector

including mineral oil production	72.7 percent
exclusively mineral oil production	85.7 percent

The role of this largest German company in the history and prehistory of the Four-Year Plan provides direct information about a key problem of all pre-war and wartime history: the attitude of the German monopolies to the war and the war aims they pursued in concrete terms.

The direct links to the Nazi party, which Carl Duisberg and Carl Bosch h a d already established some time before 1933 through their "young people" such as Ilgner, Gattineau and Bütefisch, were expanded into a solid network of state-monopoly influence after the transfer of power to the Hitler clique. Bosch, who had been "in direct contact with the government in Berlin" for weeks from May/June 1933 at the latest and had been "consulted" by Hitler during this time*, brought the Feder-Bosch Agreement of December 1933 to the company as the immediate and provisional fruit of his highly active political and economic efforts.* At the same time, he still had direct relations with the army (Heereswaffenamt) and the air force (Reichsluftfahrtministerium) in the summer of 1933

75 On the overriding material and personnel influence of the corporation on the Yierjahresplan organization, see *fétic*ynsüi,* Jürgen, Studien 1918-194s, p. 178 ff. ; *Petziiia, Dieter,* A utarkiepolitik, p. 123f. ; *Sch 'eitzer, Arthur,* Big Business, pp. o39, 545.

76 s. Doc. N I-10 03s and NI 10 036, Case YI, A DB 32, Aff. \Verner Hagert, July 25, 1947, DZA/FS, IG Farben trial, film no. fi16.

77 **Report** by Crane and Esving (from the D upont **Group) on their trip to Germany** and their meetings with C. Bosch (trip from July 9 to 14, 1933), dated July 17, 1933, Doc. N I-9784, Case V I, A DB '4, DZA/FS, IG - Farben, Film I'1r. *AG: "… during the recent weeks he (Hitler - D. E.) showed his perseverance by putting the more radical element of the party in its place and by consulting the industrial leaders. Dr. Bosch had been in direct contact with the government in Berlin, and in fact he spent virtually all his time between his home in Heidelberg and the government offices in Berlin". - On the disputes of this period within the state monopoly apparatus, especially **between** the **monopoly groups,** see ***Gossn'eifer,*** *Kurt,* Die Rolle des **Flonopolkapitals bei** der **Herbeif- rung der** Röhm-A **däre, phil.** Diss. **Berlin** 1963 **(hereinafter: Die Rolle des Monopol- kapitals),** p. 371 ff. ; **see also** *Petzina, Dieter,* **Hauptprobleme der deutschen Wirt-** schaftspolitik f932/33, in : VfZ, H. 1/1967, bsd. p. fi5 d.

78 On the Feder-Bosch agreement, see *Gossweiler, Kurt,* Die **Rolle** des Monopolkapitals, p. 298 f.

7* The reason for these advances was the anticipated large armaments business with synthetic rubber and fuel. State Secretary Erhard Milch in the Reich Aviation Ministry had been sounded out for Bosch by a "good acquaintance", namely Albert Vögler, CEO of Vereinigte Stahlwerke AG, who had apparently even called in Hitler himself about this. Bosch had Carl Krauch, one of the most capable and unscrupulous young company directors, take advantage of this important connection, which led to Göring.

It was the IG Farben Group, it was Krauch, who used the term "four-year plan" for the first time as early as 1933 for his comprehensive state monopolistic restructuring programs and proposals. I n the late summer of 1933, Krauch used this term to describe a production program for synthetic propellants that he had presented; this was the content of a memorandum that the company published on September 14.

sent to State Secretary Milch in 1933. ° The first "Vie-iahresplandenkschrif t " was thus even a pure IG Farben product in its o r i g i n . And not only according to its origin: "I hope that with this treatise I have given you a basic -

Krauch's accompanying letter** stated that "there were documents to support an expansion of the German fuel economy", and the memorandum itself already called for the appointment of a fuel commissioner.

79 s. Doc. N I-306, Case V I, AD B 6, "Besprechungen über Buna", IG-Aktenauszüge 193W1938, produced August 19fi5 by Ernst Struss and v. Rohdemann, DZA/FS, IG Farben-Prozeß, Film Nr. 410. - Birkenfeld conceals all essential activities of the company *(Birften/efd,* ***IYof/geng,*** a. a. 0.). His book is a prime example of how consistent silence about all the essential connections can lead to the creation of ludicrous monopoly apologetics.

80 Doc. N I-5930, Case V I, ADB 2fi, Vögler to Krauch, 10. 8. 1933, DZA/FS, IG-Farben- Prozeß, Film Nr. fi łfi ; Dok. N I-6767, Case V I, ADB 3, Interrogation of Carl Krauch, 16. fi. 19fi7, DZA/FS, IG Farben trial, film no. 410.

81 Presumably after *Glitter, Adolf,* Libres Propos sur la guerre et la paix reeueillis sur l'ordre de Martin Bormann **(French** version by François Genoud), Paris (1952), p. 250 f. (No. 128, 27 Jan. 19fi2) : "Vögler m'a fait la proposition, en 1933, de nous fournir deux millions de tonnes d' essence synth étique en l'espa ce de trois ans, à la condi- tion que nous nous engagions pour une d urée de dix ans à aeheter toute sa production à un prix fixé d'avanee. ... II était prévu que la' I. G. Farben finaneerait la construc- tion des usines."

82 Accompanying letter from Krauch to Mitch, September 14, 1933, Doc. N I-4718, Case \' I, ADB 6, DZA/FS, IG-Farben-Prozeß, Film i'śr. fi10: " In order to arrive at a clearly defined production program, the negotiations are based o n a 4-year plan for the expansion of the factory." 83 Ibid.

84 "… it would be necessary to appoint a eommissar for carrying out the necessary steps." (Quoted in : *Schweitser, Arthur,* Business Power under the **Nazi** Ret ime, in : Ztsehr. f. Nat.-ökonomie, vol. 20, vol. 1960, no. 3-fi/ 1960, p. fi32. Schweitzer makes the following, albeit cautious, but nonetheless accurate, s t a t e m e n t about the connection between this àlemornndum of the company and the later fascist four-year plan: "IG-Farben can ... claim credit for having contributed to the ideas that culminated in the original Four Year Plan." (ibid.). BirkenfelÕ (196a) does not himself know of the extensive denhsehri it. *(Birken{eId, Wolfgang,* op. cit. , p. 62, A nm . 7).

Krauch expanded the company's state monopoly positions in the following years. When the last political barriers to rearmament, especially of the Luftwaffe, fell in 1935, the company's state-monopoly activities reached new heights. With the transition to the open development of the Luftwaffe, the RLM was given significant new opportunities to finance air armament itself - from its own resources - and to an increased extent; it was no longer dependent on the detour via Schacht's offices. This meant that the gentlemen of the IG Farben Group also sensed the morning air. They became very active in new, extensive negotiations about synthetic caut- ure and fuel and at the same time tried to s e c u r e firm state monopoly positions. To all appearances, they also became heavily involved in the strategic issues of air armament and began to push through their general political line in ever closer cooperation with Göring's apparatus.

In mid-1935, they invited State Secretary älilch to the test centers for synthetic production. Milch wrote to Krauch after his visit:

"Dear Mr. Krauch! First of all, I would like to thank you very much for the friendly welcome we received at your place in Oppau. The demonstrations and explanations m a d e a lasting impression on all the participants. I personally also reported immediately to General Göring, who is also interested in these very issues. As soon as his summer vacation is over, he intends to ask you to come to Karinhall in the Schorfheide at his leisure and discuss the major issues with you. "<

At Milch's request, the company immediately sent one of its specialists as a "liaison officer" to Office C (Technical Office) of the RLM. According to his reply to Milch, Krauch could hardly wait to be informed of the date of the announced invitation to Göring.< The highly significant discussion between Göring and Krauch, in which the new state monopoly power bloc Göring/IG-Farben was launched, must have taken place at the end of August 1935 or a little later.

It i s no coincidence that shortly after these events, at the party congress in September 1935, Hitler formulated the basic ideas of the four-year plan for the first time in his proclamation, still in brief but already clear outlines. In view of the difficulties in foreign trade, it said, "we have decided to make Germany independent of imports by producing our own materials." Hitler l i s t e d these materials: "Petrol from coal . ..,

'leutsche fibers, artificial rubber, development of own oil wells, own

8o Doc. NI-4718, Case VI, :tDB 6, llilch an l'(rauch, 23. 7. 1935, DZ t/FS, IG-Farben- Prozeß, Film Nr. 410.

86 s. Doc. NI-4718, Krauch to ä l i l c h, 27. 7. 193c, a. a. 0.

S7 Kran ch "'ur 1947 before the U.S. Court of Justice in Nuremberg oflensicli tly endeavored to deny that such a meeting had taken place, and made a statement to that effect under oath, but it was - certainly intentionally - kept unclear and ambiguous; see *Trials of Clear Criminals,* vol. 7, p. 612.

old and new ore deposits".> Here the "big points of view" that had been discussed between Göring and Krauch reappeared !

The course of the following events leaves no doubt about the leading role of the IG Farben Group in the realization of the Four-Year Plan. Krauch, now a "key advisor to Göring" *, achieved extraordinary successes in strengthening the state monopoly position of his company. In April 1936, Göring became Commissar for Raw Materials and Foreign Exchange. His powers encroached significantly on the authority of the Reich Minister of Economics (Schacht). The idea of being appointed Commissioner for Domestic Fuel Production had already been expressed by Göring in March - in full agreement with the IG Farben Group. According to all previous and subsequent events and developments, the spiritus rector of the final establishment of the raw materials and foreign exchange commission and staff can be found in the IG Farben Group. It was a clever tactical move to inspire Göring - the most powerful political figure in the state after Hitler - with this idea and to help him to this office, who, as an absolute dilettante in economic matters, had to be and remain completely dependent on the advice and policies of the "experts" and "advisors". Tactics of this kind were very familiar to the monopolies and were typical of the fascist era.

In any case, not only the Keppler office, but also a later constantly expanding IG specialist team under Carl Krauch were immediately incorporated into Göring's staff. The "Amt für deutsche Roh- und Werkstoffe" of the Yierjalires plan, into which K rauch's group was absorbed in the fall of 1936, represented the foundation and the most important central part of the extensive Yierjahresplan authorities. First, however, the months from May to August 1936 saw the start of feverish activity among all state-monopoly g r o u p s interested in economic policy. All parties and groups involved in the disputes over the course to be taken by the arms industry demanded the most comprehensive state monopoly powers. Schacht pressed for decisions in his favor in August. Göring stalled him. On August 15, he had received a report on the situation from the Krauch Group ("Research and Development"), which had been drawn up with the greatest possible speed, and was therefore in a position to make a decision.

Hitler.[91] Hitler worked just as promptly. Using the Krauch

In a few days he compiled his Yierjahresplan memorandum, which finally tipped the scales in favor of the grouping around Göring/IG-Farben in the state-monopoly group struggle.

88 Hitler's proclamation to the party congress, read out on September 11, 1935, *Völkischer Beohactder,* 12. 9. 1935, S. 3.

89 Doc. NI-8084, Case VI, ADB 39, Afl. Lothar 6lischke, 18. 4. 1947, DZA/FS, IG-Farben-Prozeß, Film Nr. 416.

90 see *Schweitzer, Arthvr,* Big Business, p. 538.

91 s. *Anatomie des Krieges,* Berlin 1969, Doc. 46 ; see also *Schweriner, Artlt ur,* Big Business, p. 547; *the same,* Crisis, p. 1i\6 ff.; see also Interrogation P on Körner, I*. hlärz 19^iÜ. Uf Z', vol. 9, p. 175.

Arthur Schweitzer aptly describes the IG Farben Group's direct involvement in this memorandum: "Krauch's department not only provide'l the first proposals for producing substitutes according to a predctermincd plan but this plan also suggested to the Nazis the basic ideas that led to the specific goals - save point seven - in Hitler's memorandum." [2]

In other words, Hitler came up with his four-year plan, this key document of fascist-imperialist aggression, in close cooperation with the IG Farben group (via Göring-Krauch). Against more cautious and restrained voices, the IG-Farben group thus backed the blitzkrieg strategy and a plan of economic "self-sufficiency" and autarky. The annual economic plan was nothing other than its economic blitzkrieg concept. Once the plans had been drawn up and implemented, there was no doubt that the war that was being prepared economically was not only to be directed against the Soviet Union, but also against those imperialist states that could impose an economic blockade against German imperialism and, in particular, cut off the vital raw materials of oil and rubber. This must have been obvious to anyone with an eye for judgment. The plan was an economic declaration of war on the Western imperialist states, including the US, and thus exposed the expansionist hatred of German monopoly capital and the monopoly grouping associated with the Four-Year Plan.

The line taken by Germany's largest company, which was calculated to win, was revealed directly and unforeseeably in 1938, when the concept and organizational structure of the four-year plan changed on the initiative and with the leading participation of this company. "The original plans, which were geared towards self-sufficiency, were replaced by the goal of direct mobilization, which meant a transition from the relatively broad planning concept to a concentration on just a few war-relevant products."[3]

It was Krauch with his staffs in the Four-Year Plan Authority and in the company itself who formally enforced these changes with brute force. Göring had first put Colonel Fritz Löb and other officers from the Luftwaffe General Staff in charge of the official management of the Office for German Raw Materials and Raw Materials Production, the central Four-Year Plan authority, and some of its departments.

This was mainly to create a counterweight against the economic authorities of the OK H and the O KW. When Löb had to present an unsuccessful balance sheet in his plan report on the first year of the Vie-iahresplan (fall 1937), he also ignored the dominant position of the IG Farben Group and, by creating

of a "Reich Raw Materials Office" demanded unrestricted powers for themselves, he was replaced in the course of the following months by Krauch with the assistance of Paul

92 *Schweitzer, Arthur,* Crisis, p. 176.

93 *Petzina, Dieter,* Autarkiepoliti k, p. 1i6.

114 Doc. NI-8o90, Case V I, ADB 5, Löbs report of Oct. 30, 1937, printed in : *Iv "uczynski,* Jürgen, Studien 1918-1945, pp. 222 fl., 171f.

Körner, Göring's state secretary and personal representative in the four-year plan, was convicted of incompetence, overplayed and finally removed.

C ritzbach s a i d of the events: "Thanks to his comprehensive knowledge o f t h e s u b j e c t matter, Krauch was able to put his point of view across with ease. He also contradicted misconceptions and exaggerated claims, even when they came from the highest authorities. Among other things, he made it clear that Löb's plans w e r e based on false conclusions. He replaced them with his own, the so-called Krauchplan, which, after several meetings in the Körner office, was then laid down in Karinhall with Göring and put into practice." **

In those months of 1938, events unfolded at lightning speed. The IG Farben Group set the pace. At the beginning of the year, iirauch brought down Colonel Löb. The Office for German Raw and Raw M a t e r i a l s , which Löb had headed, became the Reichsstelle für \\'irtscliaftsausbau, a higher Reich authority, of which E rauch became the fak4ic head.

But the company wanted more. It pushed for an armaments management headquarters with extraordinary powers. In June, Krauch ordered an official letter from the company to himself, presumably with G öring's approval. lG director Otto A mbros, one o f his confidants, sent him this letter on 27 June. It contained the state monopolistic program of the lG Farben Group: "A *single responsible body,* similar to the English *Ministry of Defense,* must be created, which decides all questions of *research, planning*, *financing and contractual regulations* and *supervises the execution*, and which is the voice of the (x-ermut- lich instead of: the - D. E.) \power and all responsible Reich ministries.

As a *preparatory* committee, this above-mentioned body was to form a board consisting of responsible representatives of the army, the Reich Finance Minister, the Reich Office for Economic Expansion and industry, which, like the 'Defense Council' in the World War, would draw up the proposals and submit them for decision. This council directs the providence (must mean: research - D. E.) and determines the planning, especially the order of the projects.

The *Ministry of Defense* then *arranges* the financing and contractual regulations through the *Economic Ministry* and the execution, material procurement, labor input, regulation of tariff issues, etc. through the Office of the Annual *Economic* Plan, i.e. through the *Office of Economic Development.*

¥\'as we need, if the cleu ls"he A ufriis lung in Item not xventligen Tempo unrl

95 Doc. NI-9767, Case Y I, A DB 25, Aff. Erich Gritzba"h, 14 A ng. 1947, DZA/FS, IG - Farben, film no. 413.

96 Doc. h'I-5687, Case YI, A DB 20, Ambros to Krauch, June 27, 1938, DZA/FS, IG Farben Trial, Film No. 413. Emphasis according to the original or the trial copy. - On the letter, see also Petsino, *Dieter,* .Sutarhiepolitik, p. 118 f. For the following, see *Annloni ie iles Krieges, op.* cit.

should be carried out in accordance with national principles is that only *an arranged 's orilicH place* is q-equal to us."

It is easy to read from this document the absolute leadership claim of the IG Farben Ion Group in the required armaments and war economy organization. It was primarily intended to be exercised by the Reicliss telle für \\ irtscliaftsausba u, but also by industrial representatives in the aforementioned supreme Euratorium or)'erteidigungsrat, i.e. by delegates directly from the Group.

The company did not fully implement its program. But in the chemicals sector, it succeeded in considerably expanding and stabilizing its position in the state monopoly apparatus, above all at the expense of the \\'ehrmachtsstellen.

On June 30, i938, the "Erauchplan", also known as the "Earin hallplan" after its confirmation on July i2. July, also known as the "Earin hallplan" and officially as the "Y\'ehrwirtschaftlicher neuer Erzeugungsplan", replaced the extensive plans of the Office for German Raw Materials and Materials in view of their obvious failure.Ü7 The Krauchplan contained strongly enforced programs only for the expansion of the production of mineral oil, buna and light metals and - more recently - of powder, explosives. vapors (i.e. toxic gases, especially lost) and their preliminary products. It was designed to run for four years (until 1942/68), so that the four-year plan of 1936 had de facto been transformed into a six-year plan.

But the German imperialists did not intend to postpone their expansion and war plans accordingly. Until i3. By August 1938, Krauch and his group had drawn up the so-called Rapid Plan for Powder, Explosives and Chemical Warfare Agents, including the precursors, which from then on formed a special part of the smok- ing plan. It provided for an additional increase x-on capacities and production x or, with the aim of supplying the fascist \\'ehr- Macht to the maximum by the fall of i939 and preparing it to strike. "II ith the rapid plan", the document stated,

"is, in the opinion of the bodies involved and the implementing industry, the maximum possibility of increase lris exhausted in fall 1939. The rapid plan has been adjusted in detail and full agreement has been reached between

OE\\' (\Ystb) OEH (\\'a A) Dr. E ra u c h .

From this point on, the present rapid plan is the common basis for the actions of all the agencies involved. By the end of 1939, the rapid plan will increase capacity to such an extent that in all areas, the greatest possible production capacity achieved in the \\'world war w i l1 be achieved." This was the deadline

'les fi-ü readsinöq-liclien l'i riegsbeginn truly already extremely precisely pre-planned zero x orausgeplant.

S7 s. Doc. N1-5639, Case V I, A D B 20, " Der beschleunigte Plan", 30. 6. 1938, DZA/FS, 1G - Farben-Prozeß, Film Nr. fi13,'600 ; Doc. N I-8800, Case V I, 'tD B 20, "\Vehrxvirts chnf t- licher neuer Erzeugungsplan", 12. 7. 1938, a. a. 0. - The N ürnberg documents cited contain only the reasons for the plans bzxx'. :t excerpts from them.

9S Doc. I'i1-8797, Case VI, .tDB 20, "Schnellplan vom 13. 8. 1938", a. ". 0.

I n the "Summary" of the first version of the Sclinellplan, Krauch had, as in the original draft plan of 10 Suni <, unequivocally demanded the appropriate powers for himself: "It must be expressly noted that the accelerated expansion plan reproduced here can only be realized if a fundamentally new and streamlined combination of planning and implementation takes place in a single hand." In the final version of August 13, it was stated once again: "The implementation of the accelerated plan 1st is only possible if very special (wartime) l'ollmaclites are given to the agency responsible for the implementation."

These demands were soon largely met with E rauch's appointment as (i B Clieniie. Göring took a systematic approach in order to counter the resistance to IN rauch's authorization, especially on the part of the \\'ehrmachtsstellen. On 16. On July 16, 1938, he sent a circular letter to the Reich ministers in which he declared that, in view of the political situation, particularly as a result of the "hot necessity of accelerating the implementation of the I of the I ierjahresplan and the àłobberberbereitcliaf t", he would be forced "to appoint so-called (ieneralbex ollmüchtig te in particularly decisive areas", who would be authorized "to take all àf aßnahmen in the special areas assigned to them and to provide all authorities and departments with .the necessary \I'instructions. These

\\'instructions must be taken into account without delay, as they a r e issued on my behalf." Objections have "no suspensive effect whatsoever" 102

On August 22, 1938, Göring appointed Iśrauch as his plenipotentiary - and shortly thereafter as general plenipotentiary - "for the production of m i n e r a l o i l , oil scliuk and light metals, of explosives and explosives, as well as for the production of chemical explosives". "It is your task," continued K rauch's letter of authorization, " to promote the implementation of the production programs with all possible vigor, to continuously monitor the ongoing work, to remove any obstacles to it as quickly as possible and to ensure all necessary preconditions for its proper implementation. "

99 Doc. N1-8799, Case Y I, ADB 20, "Summary of the Production Plan for Powder, Explosives, Chemical Warfare Agents and Chemical Warfare **Products",** as at ł0. 6. ł938,
a. a. 0.

100 Doc. N I-8841, case \'I, AD B 20, "Summary of an accelerated production plan for powder rind explosives rind chemical warfare materials one chl. of î'or- products", 30. 6. 1938, op. cit. ; see also case Y I, **protocol,** p. 848ff., 856, Archive of the Główna Eornisja Badania Zbrodni Hitleroivskich w **Polsce,** \Yarschau **(**hereinafter: G K).

i01 Doc.N I-8797, case \'I, ADB 20, "Sclinellplan vom 13. 8. 1938", a. a. 0.

i02 Doc. EC-278, Case Y I, AD B 24, Circular from the Commissioner for the ¥'ierjahresplan to the Ministers of Justice and the Prussian Minister of Finance, 16 July 1938, DZA/FS. Finance Minister, July 16, 1938, DZA/FS, IG Farben trial, film no. 414/601.

i03 DZA Potsdam, Reichswirtschaf tsinisterium, Mr. 18353, p. 54 (aucli = doc. N1- 13901). - Iśraucli's official title "-ar, formulated with some caution, "Bevoll-

On the same day, G öring issued an "order to implement the new defense industry production plan and the rapid plan". This made clear the dominant position that Ii rauch now occupied and which represented a deep incursion into the competencies of the ¥\'ehrmachtsstellen and the Reich Ministry of Economics. The order had the following \\'wording*>*:

"1) The overall management of the implementation of the new military economic production plan ordered for the expansion of powder, explosives and Ii materials factories and their 1'or products, as well as the rapid plan, will be entrusted to Dr. Ii rauch. He thus bears full responsibility for the timely implementation of the program and the provision of the necessary resources (money, steel, building materials, manpower, etc.).

*) The implementation of the production plan must be closely coordinated with the \\rmust be carried out according to the following task assignment:

a) *Program and planning :* Dr. Krauch

When drawing up the program and the plans, the military aspects to be represented by the \\'armed forces must be taken as a basis and the chemical-technical requirements represented by them must be largely taken into account.

b) *Office implementation:* OKH (\\'a A)

Land acquisition by ' Montan', awarding of contract, settlement, collection, \'erfalt ung und \'errechnung der x auf Dr. I(rauch zugewiesenen Geldmittel. (ä'Iit .exception of non-military primary products).

') Iii belriebnalime: through O ICH (\\'a A), as far as militarily necessary.

3) In order to ensure the closest possible cooperation between Dr. i'i rauch and O ICH (\\'a A), the following measures must be implemented:

a) Formation of a building staff '1iirch Dr. K rauch, in the O UNI (\\'a A) a permanent \'representatives delegated.

li) Assignment of a permanent \'representative of Dr. K rauch to OU H (\\'a A).

'-) Creation of control bodies (authoritative I-achleu te) by Dr. Krauch, 'iie also OKH (\\'a A) in conjunction with Dr. E rauch for Ii ontrollz" ecke zur \'fulfillment are available.

fi) The implementation of the production plan is carried out in the area of non-military preliminary products in a corresponding \\'manner with OK¥\' (\\'Stb), the arrangement of the mutual \'representatives is initially carried out on a c a s e - b y - c a s e b a s i s."

I n full awareness of his new and extensive powers, Krauch reported to the II Group. He quoted his authorization in detail and continued: "I may further inform you that, in accordance with the orders of the General Field Marshal, further planning will be carried o u t in close cooperation with the \\'ehrmacht under my direction ...".***

The "authorized representative (bzv. General Plenipotentiary) of the Äfinistcrpriisident Generalfeldmar- schall Göring for special questions of chemical production", called Gebechem or GB Chemie.

104 Doc. NI-89 l7, YI case, ADB 20, DZA/FS, IG Farben trial, film no. fi13/600.

10c Doc. N I-7fi28, Case YI, ADB 8, Krauch to clie IG Farl'cnindustric AG, 26. 8. 1938. DZ.t/FS, IG Farben trial, film no. fi II/558.

The enormous state-monopoly flat growth of IG-Farben and its clearly dominant role in the \'ierjahresplan grouping was offset by the loss of position of other ff onopolies and groups x on ff onopolies. The transition to)'ierjahresplanpolitik was associated with fierce disputes within the state monopoly i\echanism.

But it would be a mistake to overestimate these struggles and shifts. Not only did all the large monopolies profit from the armaments boom: the preparations for aggression and warlike expansion were also supported by all the important groups of German monopoly capital and by all its large interest groups and state monopoly organizations. The special significance of the conflicts of the immediate pre-war years in the \\'economy and also in other areas lay in the fact that the objective tendency towards growing I(oncentration and centralization of state monopolistic regulatory power became strongly noticeable in the course of the preparations for war and asserted itself, especially in the form of the Vierjo hrcsplan. This tendency, however, cannot have any other effect than in the struggle of the major competitors for economic and political power.

The overestimation of the diverging competitive interests and the underestimation of the general and common imperialist interest of all wlonopolies in expansion, armaments and war are also based on a false basic thesis of the more recent bourgeois movement. This thesis, which has been in vogue since Scliweitzer's work, was the reason why until 1936 "the" big in

's industry could be seen as a unified economic bloc, which had been independent of fascist politics and the party - i.e. basically not fully involved and responsible - and whose state exponent had been Hjalmar Schach t ; but that after Schach t's ousting, the large-scale industry had splintered into an accumulation of conflicting corporate interests and egoisms. It had thus disappeared as a flat tfactor and made way for the fascist party (Hitler, Göring, Ley), which had now taken full control of the economy. \'crschicdentlich is conceded that the G roßcliemie

(IG-Farben) collaborated with the party as an outsider and drew their partial benefit from it. [1]

The sources conveyed a completely antagonistic picture. What clearly emerged in July 1936 was an exchange of views between state-monopoly groups, as is often the case in political developments. In this year, the rearmament concept of the Schacht/Thyssen/Thomas grouping, which was also a bestilTlmte foreign policy and war concept, was replaced by the concept of the G üring/IG-Farben grouping, known as the \'ierjaliresplan, which I4itler supported through his intervention. Primary causes

106 cf. *Schweitser, Archur,* Business Power under the Nazi Regime, op. cit. ; der4efbe, Big Business ; Petsiiui, *Dieter,* Hitler und die Deutsche Industrie, in : GWU, H. 8/1966 ; ñIason, *Titn,* Der Primat der Politik - Politik und $Yirtschaft inn N ationalsozialismus, in : Das Argument, No. 41 (1966), p. 473ff.

In the longer term, this shift in power within the ruling class was due to differences in the economic interests of the corporate groups, and in the shorter term to the need for German imperialism to make acute alter- na tive decisions of the greatest political and economic significance.**7

However, 1938 not only saw the stabilization of the course of the now more dominant state-monopoly grouping and the consolidation of this grouping itself. In the course of the internal expansion (above all via "Aryanization") and the beginning external expansion (Austria, Czechoslovak Republic), the activity of the corporate groups initially pushed from the foremost positions also multiplied; they partially restored their state monopoly influence even before the outbreak of war.

What remained changed was the internal balance of power in state-monopoly mechanism and, above all, its internal structure, which had now been adapted more strongly to the immediate preparations for war.

As President of the Reichsbank and - from 1934 - as Reich Economics Minister, Schacht was the financier and organizer of the first rearmament phase from 1933 to 1935. His \verk was the dizzying financing of rearmament (Mefo bill). During his term of office, the state monopoly regulation of the German foreign trade and foreign exchange economy, soon known as the "New Plan", was established. Since 1933/34, his authorities had already been preparing the rationing of foodstuffs and food supplies for the population and numerous other emergency laws for the

"A-case". Schach t - at the time one of the most important representatives of the fascist regime - associated this policy with an extreme imperialist-revan- chist objective, which was aimed at liquidating the Versailles system and the \return of Germany as a major European and colonial power. He intended to achieve these goals with the support or at least benevolent toleration of the ruling circles in the USA and, under certain circumstances, Great Britain. US Ambassador Dodd, who had known Schach t well for years, wrote in his diary in December 1937 that even if he disliked Hitler's dictatorship (Schach t had just been ousted from his post as Reich Minister of Economics!), "he, like most other well-known Germans, would like annexation - if possible, without war; but also by means of war, if the United States remained neutral. "*>.

This specific stratcgist'c line was the result of and corresponded to Schacht's years- and decades-long connections to a certain group of German corporate capital, namely its "American faction" (above all Danat-Bank and Dresdner Bank/Thyssen ; so named after their economic and political interests). In the early years of the fascist **dictatorship,** Schacht was also an indispensable top figure in the regime for the entire German financial oligarchy, as his and his group's backing made it possible to

107 e. Section 1¡ see also Chapter IY.

108 *Dodd, William E.,* **Diplomat auf heißem** Boden, Berlin 1961, p. 493.

This was to shield American and British financial capital from the threat of French military power, which was still superior at the time, and from international economic sanctions.

The differences between the political-strategic and economic conception of the Schacht-Thyssen group and that of Göring/IG-Farben can be reduced to the following extremely rough, model-like formula: *Schacht/Thyssen:* The goals we have set ourselves can only be achieved if we secure the support of the USA, at least economic support. Without this support, our potential is not sufficient to wage a war to the east, against the Soviet Union, and later also against \Yesten. This war cannot be waged under any circumstances until we are at an optimal pace of armament,

i.e., if possible, avoiding inflationary or other crisis-prone phenomena, have built up all the necessary stocks and made reserves available.

G'üring ßIG-Farben : Our aims will inevitably bring us into opposition to all major powers interested in the status quo. The war cannot be confined to the continent (including the Soviet Union), but Great Britain and probably also the United States will be on the opposite side from the outset. Their initial aim is to let Germany and the Soviet Union exhaust each other in battle. The opposing camp iviril soon catch up with the German armaments advantage. Our potential is not sufficient for a prolonged, major war. The only way out lies in maximum armament for a series of blitzkriegs, which cannot wait much longer, and economically in an - at least temporarily maintainable - armament as a means against blockade.

At the beginning of 1938, Walther Funk, a man heavily dependent on Göring, took Schacht's place in the Reich Ministry of Economics as the new minister. The state-monopoly ¥'ierjnhresplan grouping, the core of which was the Göring/IG-Farben Intercssenblock, now included the majority of the major German corporations: Deutsche Bnnk and Dresdner Bank, Flick, Krupp, Mannesmann, Röcliling, Siemens, the aircraft companies, Prcußng and V ing, of course the "Her- mann-Göring-Werke", and even the synthetic gasoline-producing group (Knepper) from the ¥'ercinigten Stahlwerke group.

The strong bile- dary grouping around Schacht, Thyssen and Poensgen had to accept a weakening of their state monopoly positions, primarily through the ousting of the previously all-powerful Schacht. However, neither the Vereinigte Stahlwerke nor Klöckner and Hoesch suffered any significant loss of their economic power; this foundation of their dominance only widened and strengthened in the second, most intensely enforced phase of rearmament that began with the Four-Year Plan. The Vereinigte Stahlwerke, the domain of Thyssen, Vöpler and Poensgen, had just been completely reprivatized at the beginning of l93tI. The capitalization and internal strength of the

109 s. *Gossa'eifer,* Jf **url,** The **role of monopoly capital, paseim.**

IG Farben's largest German and European industrial groups had grown to such an extent that it would probably have withstood a prolonged, exhausting battle between the groups.

I n the summer of 1937, the struggle culminated in the founding of the "Reichs-Werke Hermann Göring". The group around Thyssen and Poensgen was highly skeptical of this major rival project and all the more distrustful as the profitability of the steel companies could only be maintained with state subsidies when using the Salzgitter ores; and they argued that they could not be sufficiently assured of such subsidies in the current power constellation in the state monopoly mechanism. The IG Farben Group, on the other hand, supported the project, as it could only expect its own increase in power and economic advantages in the supply of raw materials from state intervention in the coal and steel industry. The crisis culminated at the end of August 1937 in half threatening, half imploring, in Krupp's case flattering telegrams from Göring to the leading coal and steel companies asking them not to p a r t i c i p a t e in the United Steelworks' counter memorandum.***

But as early as October, a "peace agreement" - as the companies themselves called it - was reached between the Hermann-Göring-Y'erken and the Ruhr-Montan corporations. At the invitation of the Management Board of Deutsche Bank, Paul Pleiger, General Director of Hermann-Göring-\Yerke, Peter K löckner and Friedrich Flick, representing the large Ff ontank groups, met on October 21, 1937 at the headquarters of the major bank (Berlin, Mauerstraße 35) with Management Board member Kimmich. I n their written agreement, it was stated that the seven large corporations that had authorized Flick and K löckner to negotiate (Vereinigte Stahlwerke, K rupp, G utehoffnungshü tte, Hoesch, Mannesmann, Klöckner and Flick) were "willing to participate in the development of the new plant in a spirit of trust and cooperation." They offered Pleiger an equity stake. On the basis of a finished financing plan from Deutsche Bank, they all discussed which capital structure should be considered for the Reichswerke.

"The two representatives of the industrial **associations,"** it concluded**,** "emphasized several times that their willingness to participate w a s mainly expressed in order to inform Colonel General **Göring** that there were no differences between the large associations of the iron and steel industry and the Hermann G äring associations and that there was a mutual desire for unanimous cooperation. For this reason, the two gentlemen h a v e also suggested that they be received by the Colonel General in order to be able to discuss their attitude to the new foundation in personal talks. "***

110 Gedr. in : Amermn, T'. Zt., **Aus Gärings** Schreibtisch, op. c i t . p. 82f.

111 DWI, no. fi551, **vol. 1, memorandum dated October 21, 1937,** signed by Karl Kimmich, Friedrich Flick and Peter Klöckner.

Ciöring was very pleased with this offer of peace and soon let Flick and lilöckner know that he shared their \\'unsch after a personal conversation.[112]

En passant, the whole process also demonstrates the cardinal role that the big banks, above all Deutsche Bank, played in the state monopoly mechanism and which banker Kurt v. Schröder clearly described in 19fi5:

"They had a tremendous influence on the party and on the government. De facto, the big banks were almost a second government." **[3]

The Ruhr-Montan conglomerates consolidated their positions for the long term when they institutionalized their economic and political agreements in the t price of the seven conglomerates mentioned above at around the same time and created the "Little E rice" or

formed the "Circle of Seven". This "Council of the Gods", which was chaired by Ernst Poensgen and included one representative from each of the seven major corporations, met regularly and frequently in the following years, at times on a weekly basis. Its managing director characterized it as a "sui generis commission that could deal with political, cultural and scientific issues as well as economic ones." [114]

The pressure exerted by the Nlontan bloc represented on this committee undoubtedly played a major role in the significant change in the leadership of the Reich Industry Group that took place at the end of 1938. On October 20, 1938, i'"unk appointed the general director of the Mannesmann Group - controlled by Deutsche Bau k - \\'ilhelm Zangen, a member of the "Kleine lireises", as head of the Reichsgruppe Industrie to replace Gottfried Dierig (Dierig textile group), who was still in Schacht's position. Zangen's first \'proposal for this select circle of leading company representatives, which he wanted to consult in future as the so-called "Closer Advisory Council of the Reich Group" (also known as the "Small Advisory Council") and consult on important decisions, was so lopsided in favor of the coal and steel industry, especially the grouping represented by the "Small Circle", that Flick expressed tactical concerns; It was "to be feared that accusations would be made in the direction of a clique economy." * Zangen directed the fortunes of the Reiclisgruppe 1ndustrie until the end of the war. Dierig's replacement by Zangen and the subsequent reorganization of the Reichsgruppe proved the exact opposite of the "demonstrable decline in power of the economic interest groups" that Mason claimed had taken place. Furthermore, it remains completely unclear how Älason intends to prove his thesis that the Reich's

112 Ibid., Peter Klöckner to Krupp, Thyssen, Siemens, Bücher, Bosch, Poensgen. Reusch, Vögler and others, November 16, 1937.

113 Interrogation of. Kurt v. Schröder, 2fi. 11. 19fi5, cited in: Afo/irmann, *ffeins,* Zur staatsmonopolistischen Konkurrenz deutscher Großbanken unter dem Faschism us, in : JWG 1967, T. fi, p. 25.

11fi Declaration under oath by J. W. Reichelt, Case X (Iirupp trial), cited in: *Kuczyriski,* Jürgen, Studien 19II 1S45, p. 146.

115 DWI, no. A 11, vol. 8, Flick to Zangen, November 21, 193ß.

group industry under Zangen had "little weight in the ruling system".*** Here too, the facts prove the opposite.

The years 1938 and 1939 marked the high point of "Aryanization" in the German economy, in which the **coal and steel companies** and major banks played a prominent role. A thorough history of the truly criminal activity of the German monopolies in "Aryanization" has yet to be written.[1*°] i¥It is true that with the first annexations of German imperialism (Austria, Czechoslovakia) the emphasis shifted from expansion by means of intra-German "Aryanization" - whose material substrate was quickly exhausted - increasingly focused on looting in foreign countries, until the expansionist urge of the German 6(onopoly capital, unleashing the war and unchained by the war, culminated in the plans for the "reorganization of Europe" and the entire world and in the barbaric attempts to implement them.

There can therefore be no question of finance capital having lost power and influence in the state-monopoly system of fascist Germany since 1936, or of capitalism in Germany even having "dissolved", of bourgeois-imperialist society **having** been atomized into a mere accumulation of intersecting corporate egoisms. Thus the construction of a 6vacuum, which could **have** been filled by Hitler's solitary, adventurous decisions, loses its ground.

At the outbreak of the war, after a phase of intensified struggle between the state-monopoly groups, all the supporting forces and leading groups of German big industry and high finance were firmly established. The economy and its state-monopoly regulatory mechanism had become more powerful for the war. German imperialism was more expansionist and aggressive than ever.

b} The war aims program of the German i¥lonopolka pital

The most reactionary and aggressive elements of German monopoly capital were feverishly active in the last years before the war and entered a phase of pronounced, albeit initially peaceful, expansion. There were the "Aryanizations", there were the attempts to initially gain as much ground as possible by means of planned "peaceful" penetration and expansion within and outside Europe, with new international cartel agreements, through colonial negotiations and foreign trade agreements - corresponding with the intensive preparations for war through the four-year plan.

116 s. *Mason, Tim,* Primacy of Industry? - A reply, in : The Argument, No. 47 (1968), pp. 199, 207.

117 A first thorough partial investigation is provided by *Thieleke, Karl-Heinz,* Die "Arisierungen" des Flick- Konzerns, in : *Fall 5,* Berlin 1965, p. 353ff. ; also *Genschel, Helmut,* Die Verdrängung der Juden aus der Wirtschaft im Dritten Reich, Göttingen/ Berlin/Frankfurt/Zurich 1966.

The aim was to gain as solid an economic basis as possible before resorting to the last resort, the main means of imperialist expansion and the redistribution of the world's wealth: war.

All these "peaceful" efforts stemmed from the same sinister expansionist aspirations that led to the war. The expansionist program of the German monopolies did not arise only now or only ad hoc as a result of the events of the war. Now it only seemed that what had been the guiding principle of German imperialist policy since the First World War, since the defeat of German imperialism, was moving into the realm of political and military possibility: revenge and supremacy. World domination, already the driving force behind the First World War, was, in the minds of the leading representatives of German monopoly capital, a goal that was worth several wars if it could not be achieved in one attempt. During the First World War, when plans for victory were still being forged, the war aims memoranda of Stinnes, Rathenau, Kirdorf and Krupp spoke at length about how best to prepare for the "next war" against England and Russia through appropriate annexations in the West and East. Towards the end of the war, this point of view was put forward all the more forcefully by Ballin, Thyssen and Rathenau, as well as by the military.*[1]* The defeat threw German imperialism far behind. Its situation was complicated. The first steps towards the - never abandoned - goal of domination over Europe and the world had to be the complete revision of the Treaty of Versailles. Even this partial goal could obviously not be achieved without war. The United States, now the strongest state in the capitalist world

\\'elt, had become a competitor and adversary, albeit a distant but almost overpowering one. In the East, however, the great Soviet Union, mortal enemy of the imperialist rulers of all countries, was growing and gaining strength.

It was fascism that helped the German monopolies to forge the monkeys for their "next war". The most reactionary circles of finance capital brought it to power for this purpose, and from the very beginning their objectives formed the guideline for the fascist dictatorship.***

The German intervention in Spain from 1936 onwards served the German imperialists as the first test of their military apparatus. Their first annexations in 193& and 1939 were already steps towards the realization of the "Greater Germany" plans, the fascist variant of the "Central Europe" concept, as a preliminary stage

118 s. *Petzold, Joathim,* Zu den Kriegszielen der deutschen Monopolkapitalisten **im ersten Weltkrieg** (Dokumentation), in : ZfG, H. 6/1960, p. 1396 ff. ; *Ruge, **Wolfgang,*** Deutschland von f917 bis 1933, Berlin 1967, p. 23; *Aichhnfts, Dietrich/Hass,* GeFhaFf, Zu den Ursa **chen des zweiten Weltkrieges** und den **Kriegszielen** des deutschen Imperialismus, in : ZfG, H. 7/1967, p . 115 l f.

119 An instructive compilation **of the war aims of the leading** fascist politicians and ideologues is provided by *Barthel, R.,* Die Kriegsziele der deutschen Imperialistew im zweiten Weltkrieg, in : Militärwesen, H. 7/f961, p. 93fi ß., and derref6e, Das Welt **herrschaftaprogramm der deutschen Imperialisten im zweiten Weltkrieg, in** : **Militar- wesen,** H. 10/1961, p . 1381ff.

to the programs of the "Greater Europe solution" and the "European reorganization". The initiative and annexationist activity of the German monopolies are clear evidence of their inspiring role in the first conquests. When the Austrian Republic was annexed in **March** 1938, the monopolies had already been preparing this for years. The Vereinigte Stahlwerke AG had had the Austrian fascists financed via the Alpine-Montan Group.*> Krupp had claimed a large Austrian company (Bern- dorfer Letallwarenfabrik AG), which he had previously controlled and which had meanwhile passed into Austrian hands, from Hitler and Göring as cheap booty for his group and had it pre-notified. K rupp's brother-in-law, Tilo v. V'ilmowsky, had organized the economic and political \\'üh1- work of the German monopoly capital in Austria as president of the Central European \'Economy Day. As a precautionary measure, the lG Farben Group had its \\'iener Konzerngesellschaft Anilinchemie AG "Aryanized", i .e. all Jewish employees had been dismissed. The company had had the Austrian fascist Her- mann N eubacher trained as a future specialist for Austria and south-eastern Europe in his Berlin central departments. Flick had used the threat of a German invasion of Austria as leverage in the "Aryanization" of the German-Czechoslovakian Petschek Group.

After the annexation, the monopolies realized their claims to power. Hermann Neubacher became mayor of fi'ien on l5. **March** 1938 as mayor of fi'ien. He received the first congratulatory telegram from the I G Farben Group. This group presented the Reich authorities and the highest party offices with a finished plan for the "reorganization of Austria's large-scale chemical industry", the demands of which State Secretary \Yilhelm Keppler t o the rather helpless than sarcastic question, "whether the I G intended to swallow up the entire Austrian chemical industry".*** The lG-Farben appointed or "took over" the two Reich commissioners responsible for the "reorganization" and integration of the Austrian chemical industry into the German armaments industry. It named one of its people as the successor to the general director of Skodawerke-\\'etzler AG, lsidor Pollak, who had been "literally trampled on" by the fascist police during a house search.*22 General Manager Fritz Sauckel complained about IG Farben when he telegraphed Göring with his request to "acquire" the munitions factory in Hirtenberg near Y\'ien for the Thü¥ingian state and party concern of Gustlofl-\\'erke: "I am of the opinion that IG Farben does not have to have everything. "*> The Reiclisban k under Schacht's leadership annexed the Austrian state-owned company.

120 s. Doc. NG-3578, Case XI, ADB 23, **Josef** Leopold, Landesleiter der NSDA P in **Osterreich** , an Hitler, 22. 8. 1937, DZA Potsdam, Case' X I, No. 285. The documentary **evidence for** the following can be found in : *Anatomy of the* Warrior, n. a. 0.

121 "… whether the I. G. wns intending to swallow the whole of the Austrian chemical industry." (G K, Case Y I, Protocol, Prosecutor's presentation of evidence, p. 108).

122 Doc. N I-10997, Afi. Franz Rottenberg, YI case, ADB 52 (G K).

123 DZA Potsdam, Gustloff-Werke, No. 16, pp. 3 f., **telegram** from Sauekel to Göring, 24. 3. 1938.

bank. Deutsche Bank gained majority influence over Oster- reichische Creditanstalt-Bankverein AG, Dresdner Bank swallowed up àfer- curbank AG. The continued existence of the branches of Czechoslovakian banks in Austria was made impossible.*2* The major German banks, especially Deutsche Bank and Dresdner Bank, began in this way to realize their expansion towards South-Eastern Europe and Eastern Europe on a large scale, which they had long been pursuing in fierce competition.

The annexation of the Czechoslovakian border territories after the Munich Agreement took place along the same lines, but with ever greater aggression and brutality. The monopolies p r e p a r e d for this very early on. Flick was informed of this by the Reich Ministry of Economics as early as **March** 1938.

"that perhaps in half a year's time one would see a different solution to the problems, especially with regard to the Petschek problem ..., so that the owners would then have to be treated practically as looters after all. "*-° He again played out his ignorance with extreme brutality against the Jewish owners of the Petschek Group.

In the spring (March-April) of 1938, Chemische Fabrik x on Heyden AG negotiated with the \¥ehrwirtschaf tsinspek tion I V (Dresden) about the chemical plants in Usti (Aus i g), which belonged to the Ilonzern of the "Verein für chemische und metallurgisclie Produk tion" ("Pra¡;er Verein"). The top-secret negotiations "were aimed at ensuring that, if Aussig and Fallcenau were to be occupied by the military, some gentlemen from the von Heyden company, who knew the Aussiq-er plant inside out, w o u 1 d take over the continuation of the Aussiger Verein's operations in economic terms from the Army Group I(ommando. "*2* At the beginning of May, the company set out its "points of view" in a memorandum, which was also forwarded to the OK\\'. A facliman n of the company was appointed "at the end of September with a promotion to manager of the company.

... to move in immediately with the military garrison to Aussig. "127 At the IG Farben Group, the high point of its diligent and careful

preparations in the period from I uli la to September 1938.128 But he also explored the terrain in detail immediately after the annexation of Austria. Paul Haeíliger, IG Farben director and one of the company's Siidost specialists, had an internal meeting with State Secretary \\'ilhelm KePpler on April 2, 1938,

12Æ s. Doc. 1ł870, Case XI, AD B lfifi A, Minutes of a hearing of Jan D voráčelí, Director of Żi vno-Bank, Prague, 22. 11. 19fi6, DZA Potsdam, N ürnberger Prozessc, Case XI, No. 43ł, Bl. 278 If.

125 Doc. N I-3238, case \', memorandum by I€onrad lialets ch, General Manager of the Flick Group, 2fi. 3. 1938, cited in : *Case* 5, op. cit. , Berlin 1965, pp. fi ł5 f. ; see also ibid, p. fi13.

126 Doc. N1-9161, Case Y I, ÂDB 54, memorandum by Director Strubberg (von Heyden) about the meeting at the RWM, 6 October 1963, DZA/FS. Discussion in RWM, 6. 10. 1938, DZA/FS, IG Farben-Prozcß, film no. fi18/605.

127 Ibid. ; see also Doc. N I-10fi01, memorandum on the discussion between IG Farben and von Heyden, ł3 . 10. 1938, ibid.

t28 s. *Die* ffintergrüride *dev M* iirix*:hner Ahl'ommens von **1938,*** Berlin 19o9, bsd. p. 160 fI., 170 If. (Contributions by Hans Radandt and Ä'áclav liirál).

the representative of the Foreign Office and the Nazi Party in \ ien and informed him about the Austrian interests of the company. "I used the opportunity
- In response to an answer given to me by Mr. Eeppler - to sound out the attitude of the German authorities towards influencing undertakings in Sudeten-Czechoslovakia. K eppler said that this was definitely desirable, it just shouldn't cost a lot of money. ¥\'We should not look at this matter so much from the ..." point of view, he said, because he believed he could say that the economic prospects for Czechoslovakia were not favorable because the southeastern area could be pretty much closed off to it. I was of course aiming at
\ ussig ... I explained to him that Aussig played an important role in the south-east and that it would not be enough to cut Aussig off from its markets, because it w o u l d then invade our territories, which would mean fighting and thus a loss of foreign currency for us. "**° The largest German I(oncorporation also acted as a driver and instigator of the ag¡;ression against the Czechoslovak Republic in individual cases. In the spring of i938, it b e g a n to remove Jews and "national Czechs" from its offices and group companies throughout Czechoslovakia. He supported the chauvinist German I rredenta financially and propa- gandistically and w a s already sifting through his own candidates as specialists for the takeover of Czech chemical companies.* In October 1938, IG-Farben and Chemische Fabrik x-on Heyden faced each other as rivals in the battle for 'lie Aussiger Beute. They "came to an agreement" in order to beat third party contenders - such as Y\'intershall and Rütgers - out of the field all the more securely. The IG Farben group - unwillingly - allowed the lesser àJitor, with D resdner Bank and the Reich Ministry of Economics breathing down its neck, to share in the spoils to an appropriate extent. I your
The head of the chemical plants in Aussig and Falkenau w as the Reichskommissar f or IG - Direktor lśugler 31
When the German troops marched into Prague on March 5, 1939, the representatives of the major banks moved in with them and immediately o c c u p i e d the large Czech banks. "On the evening," recounted Jan Dr-ožácek, managing director of the Živno Bank in Prague, "when the German army occupied Prague, a
I saw him and saw that it was Baron von Lüclingliatisen from the Dresd ner Bank. He was an officer. That was on March 5, 1939. "ł3B The Prague banks, since the fall of ł938

129 Doc. N1-3581, Case V I, ADB 5*i, Report by Paul Haefliger, Deputy Member of the Board of Management of IG Farbenindustrie AG, 6. 4. 1538, DZA/FS, IG-Farbcn-Prozeß, Film No. 418/603 (' = word illegible).
130 s. Doc. N I-6221, Case V I, ADB û4, Minutes of the "Czechoslovakia Meeting" c1'*r Heads of the \'purchasing groups of the IG Farben Group, DZA/FS, IG Farben Trial, Film No. 418/605.
131 s. Note 127 ; see also *Kiiczynski, J'úrgen,* Lage der Arbeiter 1933-i945, p. 41 ff.
132 Doc. NI D-11870, Case XI, ADB 144 A, minutes of the interrogation of Jan Dvorácek, 22. 11. 1946, D ZA Potsdam, N ürnberger Prozesse, Nr. 431, Bl. 284. - Lüdinghausen i- ar Director of the Dresdner Branch of Dresdner Bank.

already deprived of their branches in the economically highly developed border regions, now passed completely into the control of the major German banks. German financial capital thus had all the important keys for further economic expansion into south-eastern Europe in its hands.

On March 21, 1939, a fundamental meeting took place in Prague, on the agenda of which was above all "the delimitation of interests between the two major German banks", Deutsche Bank and Dresdner Bank. Under the chairmanship of a representative of the R\VM, Karl Rasche (Dresdner Bank) and Oswald Rösler (Deutsche Bank) a g r e e d , after lengthy discussions, that the Bohemian Union Bank should be "taken over" by the Deutsche Bank and the Bohemian Escompte Bank by the Dresdner Bank.*< Since then, the phrase has circulated in all sorts of variations:

"Who's right behind the first tank?
This is Director Rasche from Dresdner Bank!"

For the invasion of Poland - as the first stage of the expansion to the east - extensive preparations were made in the offices of the monopolies and their interest groups in the summer of 1939, as a kind of general staff documentation. The comprehensive report by the Economics Department of IG Farbenindustrie AG entitled "The most important chemical companies in Poland" was dated July 28, 1939. It was the most important part of a comprehensive report on the Polish economy, the "Economic Report Poland", which was presented to the company bosses at the beginning of August. With this report, the heads of IG ensured that,

"that at the moment of the military invasion of Poland, their trust was immediately able to r e a p the most pleasing fruits of aggression." In addition, an elaboration on "Poland's iron-smelting industry" was completed in mid-1939 at the behest of the Stahlwerk-\ferband.

The outstanding successes of the IG Farben group in the first moves of German imperialism before the actual outbreak of war were undoubtedly connected with its dominant position in the Four-Year Plan, whose economic objectives it could always refer to. Conversely, the palpably rapid approach of war was obviously an essential factor in the company's success.

The reason for this was that at the same time, in the spring and summer of 1938, the company endeavored to expand this state monopoly position by all means.*3°

133 s. Doc. N I D-1339fi, Case XI, AD B lfifi B, memorandum by Anton Kiesewetter, **Director** of the Kreditanstalt der Deutschen, March 21, 1939, DZA Potsdam, Nuremberg Trials, Case XI, No. 432, p. 80 ff.

i3 Doc. N I-9151, Case VI, AD B 55 (excerpts only), DZA/FS, IG-Farben-Prozeß, Film No. 418/605 (= Vowi Report No. 3602).

135 *Pucherl, Berllmld,* Fragen der Wirtschaftspolitik des deutschen Faschismus im okkupierten Polen von 1939 bis 1945, mit besonderer Berücksichtigung der IG Farbenindustrie AG, Wirtsch.-wiss. Hab.-schrift, Berlin 1968, p. 184.

136 WAP Katowice, Steelworks Association, Katowice Liaison Office, no. fi7.

137 **Carl** Krauch **made** the changes to the structure and organization of the Four-Year Plan described above at the same time as Carl Bosch was informed by Göring about the political

In general, there was a direct relationship between the strength of its state monopoly position and its decisive, direct involvement in the realization of the war and war plans. The pre-war expansion of this group was based on a particularly clear war concept and a particularly far-sighted and comprehensive war target strategy.

On April 28, 1939, Carl Krauch reported to the General Council of the Four-Year Plan on the status and prospects of his work as GB Chemie. His report provides documentary evidence of how decisively and systematically the IG Farben Group was involved in developing a wide-ranging imperialist strategy of conquest. Krauch confronted his audience clearly and explicitly with the impending war and the resulting armaments industry situation on 80 pages of a detailed planning report full of detailed information and calculations.

With a strategic generosity that far outshone that of the general staff, he summarized his concept for this war. "Today, as in 1914, the German political and economic situation - a fortress besieged by the world - seems to demand a rapid decision on the war by means of annihilation strikes right at the start of hostilities." For example, ammunition supplies had to be plentiful enough to "ensure absolute and perhaps decisive superiority over the enemy at the beginning of the war." In the coming period, the impending fuel shortage in particular had to be countered; in the event of war, "our economic area in Greater Germany is too small to fully satisfy the mineral oil requirements of the military economy." What was needed was "large-scale planning", in particular the

"Inclusion of the Southeast European economic and raw materials area" as a

"an area to be secured by the Wehrmacht". As an immediate economic strategic goal, K rauch named: "Creation of a unified large economic bloc of the four European anti-Comintern partners, to which Yugoslavia and Bulgaria must soon be added. ... The bloc must extend its influence to Romania, Turkey and Iran."

"Germany must," summarized Krauch, "strengthen its own potential for war and that of its allies in such a way that the (fascist - D. E.) coalition will not be able to take over.

situation and discussed with him the conclusions to be drawn from the growing danger of war (see interrogation of Carl Krauch, Doc. NI-6768, Case VI, AD B 24, DZA/FS, lG-Farben-Prozeß, Film No. 414, also AD B 20, op. cit., Film No. 413).

136 "Working **Report** of the General Plenipotentiary of the Minister President Field Marshal Göring for Special Questions of Chemical Production Dr. C. Krauch before the General Council", draft of April 20/21, 1939, Doc. EC-282, Case XI, AD B 119, DZA Potsdam, Case XI, Vol. 408, p. 3ff. It is astonishing that this revealing document has so far remained undiscovered by Marxist research. It has therefore been hushed up by bourgeois historiography; even a knowledgeable author like Petzina **passes it over** without comment. Detailed reprint in : *Eichhollz, Dietrich,* Zum Anteil des IG-Farben- **Konzerns** an der Vorbereitung des zweiten Weltkrieges, in: JWG 1969, T. 2.

is a match for almost the entire rest of the world." He emphasized "the compelling necessity of exploiting the Ukraine economically in the event of war" and also included the USA among Germany's enemies, especially as the United States would support them "from the first day of the mob or probably already now" with powder, explosives and ammunition. In the near future, he wrote, Germany's ability to withstand the war to be waged against this world of enemies would have to be strengthened "by improving the coalition's raw materials base, *initially by expanding the large-scale economic area in the Balkans and Spania"*.

The foreign economic and foreign policy activities of the Four-Year Plan organization in the following months, especially those of Helmuth Wohlthat, Göring's Ministerial Director for Special Use, coincided in a most remarkable way with the line announced here by the GB Chemie and de facto head of the Reich Office for Economic Expansion. The entire complex of Wohlthat's London negotiations in June and July 1939, which he had presumably already prepared during an earlier stay in London in April 1939, and their intricate foreign policy background need not be discussed in detail in this context.***

The economically most important point in the unofficial London talks

Wohlthat with leading officials of the British Ministry of Trade (Hudson, Ashton-Gwatkin) and with Horace Wilson, the Secretary of State for the Treasury, Chief Economic Adviser to the British Government and close confidant of Chamberlain, was the recognition of South-Eastern and Eastern Europe as "areas of special interest and economic influence", as "special economic sphere(s) of interest of the Greater German Reich "***, i.e. a far-reaching freedom of action for German imperialism in the European South-East and East.

Wohlthat declared this to be the basic prerequisite for his plan for German-British cooperation.*42

Wohlthat's proposals and demands in June, to which the British side responded in detail and initially quite positively in July, were, as he explained in x-or-

139 Ibid, pp. 68ff., 103ff., 11fi fl. - emphasis in Ori{¿ina1.

140 s. *Teichovö, Alice,* Die geheimen britisch-deutschen Ausgleichsversuche am Voral'end des zweiten Weltkrieges, in : ZfG, H. fi/1959, p. 755 d. More **recently**, *Metzmacher, Melmut,* Deutsch-englische Ausgleichs- beznühungen im Sommer 1939, in : VfZ, H. fi/1966, p. 367 ff., a generally tinkercritical apologia that also extends to Wohlthat himself, who now lives in West Germany. Cf. also the documents of Ambassador Dirksen in *Do cumente und Mate- rialien aus der* Vorgeach *ichte des* zw'*eiten Weltkrieges,* vol. 2: Das Archiv Dirksens (1938-1939), Moscow 19fi9, passim.

141 *Akten* siir *deutsche* auzwdrtigen *Politik 1918-1945.* From the Archive of the German Foreign Office (hereinafter: *ADA P j,*Serie D, Vol. 6, Baden-Baden 1956, No. 716, pp.826, 828, Wohlthats **Bericht** an Göring v. 2fi. July 1939, Z'eiciior'i, ***Alice,*** *n.* a. 0., p. 775.

142 Documents *on British Foreign* Potici¡ 1919-1939 (hereafter: *DB PP),* Series 3, Vol. 5, London 1952, No. 741, p. 791f., transcript Ashton-Gwatkins of June 7, 1939.

The German government's plan, as he expressed it in a clear, prepared formulation, was approved and supported "certainly by the Reich Ministry of Economics and the Reichsbank (both headed by Funk - D. E.), possibly by Field Marshal Göring, possibly by the army and certainly by German industrialists and businessmen."[143] Between his two Loni!oncr stays in June and July 1939, however, Wohlthat spent weeks in S panicn (!) for economic negotiations.*** The relations between Wohlthat and Ambassador Dirksen during these summer months are also worth mentioning in this context. Dirksen, a cousin of IG Farben director Georg v. Schnitzler, later c o n t i n u e d the secret German-British talks into August.*

)Vohlthat, Göring's special envoy, thus deliberately and meticulously followed the trail that Krauch hadlaid out, namely that if achievable,

"initially peaceful expansion of the Greater China" towards the south-east (Balkans), east (Ukraine via Poland) and Spain - for the "planned" world war.

No other company than the IG Farben Group was able to i n c l u d e the future world war in its brute, all-encompassing calculations in this way. Its position as a state monopoly and its influence on the economy, politics and strategy stood alone at the time.

Meanwhile, all leading monopolies and monopoly groups were filled with a lust for war and a thirst for expansion. The Soviet Union was the generally recognized and honoured target of aggression and conquest. In a memorandum for Hitler from August 1936, Hermann Röchling gave a whole series of suggestions for domestic and foreign policy in view of the war that, as he emphasized, was inevitably imminent, especially with the Soviet Union.[146] Judging by his memorandum, Röchling, like Schach, was expecting a continental war with British acquiescence, if not support; the United States still seemed to be completely out of his range of vision. One of the main thrusts of the entire

Four-Year Plan policy was also aimed against the Soviet Union. This direction was already audible in the most rabid tones in the first lines of Hitler's Four-Year Plan memorandum. However, the foreign policy planning and the policy of the Göring/IG bloc in general were also an economic weapon against the imperialist Western powers, especially Great Britain and the USA. The core of the Four-Year Plan grouping was therefore obviously made up of forces with even more far-reaching expansionist aims and programs; these forces were also to a certain extent reactive with regard to the necessary expansion of the war.

143 Ibid., p. 792 **(certainly** ... **probably).**

144 *DB FP, op.* cit., p. 793 ; *ADA P,* op. cit., p. 823 ; see also *ADA P,* op. cit., vol. 3, Baden-Baden 1951, no. 809, p. 785 ff, Wohlthat's report on his stay in Spain v. 12. 6. to 5. 7. 1939, undated.

145 ilietsmocner, *Helmut,* op. cit. p. 397 If. -*Teichovâ, Alice, op.* cit. p . 779 ff.

146 Doc. NI-299, case XI, ADB 29 A, DZA Potsdam, case XI, no. 291, p. 152 If. See also chapter \'.

more "far-sighted" than Schacht, Thyssen and Röchling, their war plan was even more adventurous.

At around the same time as the General Council of the Four-Year Plan was discussing the military and economic utilization of Ukraine in the event of war, Wilhelm Keppler officially declared before the Central Committee of the Reichsbank, in which the the top echelons of the German financial oligarchy, the Soviet Union had to be Germanized until the Ura1.[147]

From 1936 onwards, Germany was swept up in a wave of staged colonialism. Having just become "defensible" and thus "equal" again, German imperialism found it unbearable to have to miss out on one of the most important attributes of an imperialist state. The chauvinist colonial propaganda at home and abroad was supplemented by intensive preparatory work in corporate headquarters, imperial and economic groups, authorities and party offices for a new, major colonial raid, especially in Africa. The desired colonial empire was to be negotiated through a combination of political and economic pressure and blackmail with military threats or, if necessary, conquered by means of future military conflicts.

The leading representative of official colonialism was Hjalmar Schach t. He unscrupulously defended the colonial interests of German imperialism at home and abroad, both verbally and in writing. In particular, he put pressure on the ruling class in the United States with the demand that the European colonial powers to cede or return colonies to Germany,[148]

For years after his replacement as Reichspreiskommissar in the fall of 193G, Carl Goerdeler undertook semi-official trips through the capitalist world, financed by the Bosch and Krupp groups. He scoured the globe for opportunities for German imperialism to get back into the colonial business without any further ado.***

The most comprehensive colonial plans were drawn up in the headquarters of the major banks and corporations. Corporate masters such as fi)ax Ilgner (IG-Farben) and bank directors such as Kurt ÄVeigelt (Deutsche Bank) were not only indispensable advisors to the l'ashist authorities and colonial organizations, but also developed the programme and strategy themselves in important state-monopoly positions

147 s. **the multiple approving citations** and mentions of this slogan by **Keppler** in ***Thyssen,*** *Fritz,* I Paid Hitler, London/New **York** 19fi1, **passim** ; see also **Chapter** V.

148 *s. Schacht,* ffjafmar, Deutschlands Kolonialproblem, article from " Foreign A iTairs", January 1937, Reichsbank reprint, in : DWI, No. 5960, vol. 1 ; see also *Dodd, William E.*. Diplomat auf heißem Boden, pp. fi21ff. (Entry on conversation with Schacht on 29. 12. 1936).

149 cf. *Glasneck,* Johannes, Carl **Goerdeler - Apologet of** fascist Middle East expansion and forerunner of Bonn's neo-colonialism, in : ZfG, H. 8/1963, p. 1fi90 ff. ; see also **Goerdeler's** memoranda **for** the Hitler government in : DZA Potsdam, Reich Chancellery, No. 3i\03; *Ritter,Gerhard,* Carl Goerileler und die Ale utsche ÄYiderstandsbeivegung. 3rd ed. Stuttgart 19ü6, p. 1S7ff.

of German colonial expansion. In particular \\'eigelt, a key figure in German colonialism since the First World War, combined the decisive colonial policy functions in the Reich leadership of the fascist party and in the Reich Chamber of Commerce.

The still sparse research results for the immediate pre-war period already show that German monopoly capital was pursuing a large, multifaceted war aims program to expand its dominance over Europe and the \Yelt. The core of this program was the destruction of the Soviet Union.

Two declared main war and expansion goals united the Hitler clique and all major monopolies and monopoly groups from the very beginning: the "abolition of Versailles" and the "conquest of new living space in the East". By the "abolition of Versailles", the monopolies understood, as they later oden- pized it, the "reconquest" of all lost economic and political positions and the "reparation" of all damage to sources of profit and monopoly positions that the Versailles system had caused them. The next steps they planned were to overrun and liquidate the Soviet Union and appropriate its immeasurable wealth as well as to establish a European "Greater Economic Area", if possible in conjunction with a huge African colonial empire. The order in which they wanted to pursue and later actually pursued the latter goals was not an unalterable postulate of theirs.

expansion strategy, especially as it depended to a large extent on the constellation of foreign policy and military forces at the time. However, it was considered a foregone conclusion that one of the two goals had to be achieved first, so that the battle for the other could be economically viable.

After all, the most developed monopolies, which were particularly strong on a global scale, were prepared to make inroads into the non-European "Greater Europe". They were already reckoning with future, sooner or later if necessary warlike confrontations on the largest scale with the powers that dominated the other imperialist "large economic areas", above all with the US monopolies, but also with Italian and Japanese imperialism, which were officially allied at the time.

When the German imperialists, first and foremost the leading monopolies, at the height of their military successes in 1940 began to set out their monstrous plans for world domination in mountains of "reorganization" plans, "\\'unschemes" and "peace plans", it was basically only their old, more or less clearly formulated, more or less uniformly represented war aims and programs from the time before the war, which they now had to implement in detail under the new, as it seemed, favourable military-political conditions.

and developed them further.[151]

150 s. *IIadandI, Haus,* Zur Geschichte der koloniiilistischen Bestrebungen deutscher Finanz-gruppen gegenüber den Ländern Afri kas, in : JU'G 1962, T. 6, p. 81; *the same,* Zu den Beziehungen …, op. cit. p. 28 f.¡ see also Ilapitel IV.

i5 l s. Chapter IV and \'.

KG PI TE L II

The situation of working people after the start of the war

At the beginning of the war, fascist Germany had a state monopoly \economic order that had been prepared over many years and was often developed down to the last detail. Nevertheless, the war created entirely new conditions for the functioning of the \economy. Various external phenomena and events were associated with the outbreak of the war, which already indicated that the outbreak of the war represented a qualitative break of fundamental importance in economic development - similar to military and political developments.

The outbreak of war had an immediate impact on the \economy through a withdrawal of human labor from production, which only made itself felt even more drastically in view of the already tense situation on the labor market. The number of employees fell by around 10 percent in the first year of the war due to conscription to the U'ehrmacht and did not return to the previous level, even though prisoners of war and civilians from the occupied territories were forced to work in the German economy immediately after the first conquests.

In one fell swoop, the forced farming and rationing of food, textiles and other consumer goods for the population, which had already begun in the early days, was extended to all the more important everyday goods. Since then, the comprehensive system of fascist "management" has prevailed.

Germany's foreign trade relations with the opposing 11ächte grouping broke off abruptly. German overseas trade collapsed. This had a considerable impact not only on the production goods and armaments industries, but also on the consumer goods industry, agriculture and the supply of consumer goods in general.

1. Martial law in the economy and the situation of \"workers\

a) The "package" of economic legislation

The most drastic changes within the Reich concerned the situation of the working masses. For the ruling class, the main economic task of **setting** the war economy **in** motion **was to** radically redistribute the national income according to the requirements of the war in such a way that the working masses contributed as much as possible to the costs of the war, since the monopolies were unwilling to forego war profits. In addition, the workforce had to be forced to work overtime for the war and, depending on the necessities of the war economy, it had to be possible to "direct" and deploy them by force.

Within the limits set for them, the German imperialists had made a sustained effort to learn lessons from their defeat in the First World War. It was precisely for this, their main economic task, that they had been meticulously prepared. A closer examination of the extensive wartime economic legislation of late August/early September 1939 shows just how precisely the war had been planned in this area. Important parts of this legislation were the War Economy Ordinance (K\VV 0), the countless land management and procurement ordinances as well as ordinances to dismantle labor law regulations and to eliminate the free movement of \people. freedom of movement of \ workers.

The legislation, which had been in preparation for years, was published in the first twelve days (August 27 to September 7) in the Reichsgesetzblatt on almost two hundred pages and was only published again in our days in the

The "emergency package" of the West German government represented, above all else, a serious and massive attack on the livelihoods of the people. The provisions of the KWV0, for example, provided for high war taxation, the abolition of statutory working time limits, the abolition of collectively agreed vacation and the abolition of all overtime, night, Sunday and public holiday bonuses. They immediately tried to make use of the seemingly unrestricted freedom over the people that wartime law gave the Nazi authorities and the monopolies by using the K\VVO and the other emergency and wartime decrees to establish a total prison regime ("Militiirzuclithaus") for the workers, bringing them into extreme forms of state-monopoly slavery.

The fascist labor legislation of the last years before the war, especially since 1938, already bore the hallmarks of war. Measured against the intentions of the legislators, however, it had so far produced only unsatisfactory results, "their effects on the way of life of the working poJiulation were limited. "* The draconian provisions regarding wage freezes, freedom of movement, compulsory employment, etc., showed above all because

I Mason, T. YV, Labor in the Third Reich, op. cit. p. i37.

relatively little effect, because under the conditions of the armaments boom they were no less than suitable for solving the actual social problem of the German imperialists: "... thestubborn, despairing refusal of the labor- ing classes to become the selfless servants of the régimp, "2

Now, however, war and martial law prevailed, and the

The fascist authorities took out of the drawers the bundle of laws prepared for this purpose, into which their sharpest drafts had been incorporated.3 The measures based on wartime law were very far-reaching, very radical and aimed at drastically worsening the situation of the working class and other laboring classes.

However, to say it in advance, even now, under wartime conditions, the elonopolies and the Nazi clique were only partially successful in carrying out or maintaining what had been planned and decreed. There were, of course, such considerable

"Progress" in the state-monopoly structure of the war economy, in the establishment of the prison regime for working people, such as war taxation, the fully developed system of consumption restrictions and regulation of distribution, as well as the obligation to deliver all important agricultural products. The existing regulations (wage freeze, restrictions on freedom of movement, compulsory service) were extended or tightened. Terror as a means of enforcing them increased in scale and brutality under martial law.* Compulsory service ("Dienstverpflichtung") only took on a permanent and mass character during the war. No less revealing for the development of the contrast between the rulers and the people in general, and for the functioning, reaction and maneuvering of the state monopolistic apparatus in particular, were those laws, ordinances and paragraphs with which the fascists did not get away or where they had to make concessions.

2 Ibid.

3 **Detailed drafts** for comprehensive **war legislation,** the **core of** which was a **war performance law, had already been** submitted to the **Reich Defense Council in** 1933/34. See Doc. EC-177, Minutes of the 2nd meeting of the Working Committee for Reich Defense, **also the founding meeting** of the **Reich Defense Council,** May 22, 1933, *IM T,* vol. 36, p. 2f9 d. ; **Doc.** EC-404, Report on the 6th meeting of the Working Committee of the Reich Defense Council, 23/24 Jan. 1934, op. cit. p. 381d. ; Doc. EC-128, **Report of** the Reich Minister of Economics for the Reich Defense Council of Sept. 30, 193fi, op. cit. p. 158d.

4 On this see *Kuczynski, Jürgen,* Lage der Arbeiter 193W1945, p. 2fi5 ff. ; *Drobisch, Klaus,* Dokumente **zur direkten Zusammenarbeit zwis** chen **Flick- Konzern** und Gestapo bei der **Unterdrückung der Arbeiter, in** : JWG 1963, T. 3, p. 213 d. ; *Eichholtz, Dievich,* Gewalt und Ökononiii-. i n : J \YG l96fi, T. 2/3, p . 366 d.

b) The Zn'ang#ration *system*

The "Decree on the provisional safeguarding of the vital needs of the German people" of August 27, 19395 subjected the population to a comprehensive rationing system that had been prepared for years. On this day, a Sunday
The rationing measures were announced on the radio as if out of the blue, without any advance notice. From the next day onwards, the war system of food ration cards and ration coupons, hated by the people, was introduced. For the first four weeks, ration cards were issued for the purchase of food, which had been printed by the Reichsdruckerei in 1937.* In the following period, ration cards were issued, differentiated according to NVarenart ("Reich bread card", "Reich meat card", "Reich egg card" etc.) and according to age groups, for which clusters and printing instructions had already been drawn up in 1938 as a secret Reich matter.
The following were rationed immediately: Meat, fat and butter (restrictions on the purchase of butter had already been in place since November 1936, a general entry in customer lists for butter since **March** 1937), cheese, whole milk, sugar, jam, semolina, pearl barley and other foodstuffs, coffee (substitutes), soap and other fctthaltigc)\'ashes. Immediate purchase vouchers were made compulsory for textiles, shoes and shoes. Domestic coal was allocated in locally determined quantities. On September 11, the quota system for bicycle tires was introduced; from
From September 25, bread and eggs were rationed. On November 1, the "Reich Clothing Card" came into force, which contained 1tO-150 so-called points per year (later for a year and a half) for the purchase of textiles (a winter coat was rationed). z. For example, a comforter cover is worth 120 points, a comforter cover 55 points, a pair of pyjamas 45 points, a blouse 20 points, a towel, a pair of stockings or gloves ii points each).

5 *RGBI.* 1939 I p. 1498 d. **(with four implementing ordinances** of the **same** date).

6 See also for the **following** *Schmitz,* ?fubert, Die Bewirtschaftung der Nahrungsmittel und **Verbrauchsgüter** 1939-1950. **Dargestellt am Beispiel** der Stadt **Essen, Essen** 1956,. passim ; see also *S perling,* Haue*,* Die Ernährung in Physiologie und Volkswirtschaft, Berlin (W) l9ü5, p. 272 ß. The printing of 70 million ration cards ("Bezugsscheine") for the **first four weeks** was already proposed **in Sept.** 1934 by Schacht's representative in the Reich Defense Council (Doc. EC-128, Report of the Reich Minister of Economics "on the status of the work for an economic mobilization on Sept. 30, 1934, including **a brief explanation** of the **attached ordinance",** *IM T* Vol. 36, p. 188). In the summer of 1935, the maps had not yet been printed due to storage difficulties (secrecy!) (Doc. EC-405, Report on the 10th meeting of the Working Committee of the Reich Defense Council, June 26, 1935, op. cit., p. 42 l f.). However, according to the testimony of the RY (Reich Defense) Officer in the Reich Ministry of Food and Agriculture, the Reich Defense Council had it printed as early as 1935 or 1936 (Doc. NID-12721, Ad. Kurt Dietrich, Nov. 22, l9fi7, 'Case XI, ADB 102 A, DZA Potsdam, Case XI, No. 387, pp. 197 f.). Cf. also *Meiner, Rot{,* op. cit. p. 38d.

For the I.age 'ler ÄÄ'erktiitigen after the start of lirieg n

Initially, the food rations[7] amounted to \Ä'oche per bread

Meat and **meat products**	2 400 g
Sugar (partly optional, in a	700 g
ratio of 2:l, jam) Nutrients	335 g
Ka6ee(Ersat)	
and daily to	150 g
	63 g
Butter. **other fats** or	oil60 g
Milk0	**.2 1**

Heavy and very heavy laborers received an additional 90 g of meat and 350 g of fat (excluding butter) per week. After four weeks, however, the general meat and fat rations were reduced to 500 g and 270 g per week respectively. Children up to the age of 14 were now given whole milk.

A huge bureaucratic administrative apparatus dealt with the rationing and distribution of \Varen. Its structure was closely based on the "Mark tordnung", which had been created in 1933 in accordance with the Reichsnährstandsgesetz. As the West German "Bewirtschaftungs"-expert Schmitz confirms, this law already showed "as a guiding principle the ability of German agriculture to supply the population in a war"; i.e. the insiders were clear about the meaning and perspective of the "Marktordnung" from the outset.*

The costs of this apparatus must have run into tens of billions. Even the financial requirements of a single food and \\'irtschaftsamt such as that of the city of Essen amounted to around 20 million Clark during the war·

Rationing served another purpose for the regime in addition to its main purpose of restricting consumption. The forced renunciation of consumption by the mass of the population increased the inflow of savings money into the savings banks and banks. However, this money was "silently" made available to the state for war purposes. Rationing thus also amounted to a simple, highly effective redistribution of national income in favor of war armaments and the armaments monopolies, which no one could have done better.

However, the food rations were relatively high at the beginning and well into the war, especially for meat and fat, even higher than the quantities,

7 *RGBI.* 1939 I p. 1502, 1st DVO to the "\'erordnung zur vorläufigen Sicherstellung ...", dated Aug. 27, 1939.

8 s. Ordinances of Aug. 29 and Sept. 16, 1939, *RGBI.* 1939 I p. 1537 iT. and 1825 ff.

9 *Schmitz,* Hubert, op. cit., p. 1, note Cf. also *Meinhold, W.,* Die deutsche Kriegs-ernährungswirtschaft, in : Jahrb ücher für Nationa lökonomie und Statisti k (hereinafter: JbbN St), vol. 150, no. 6, (December 1939), p. 666 f.

10 *Schmitz, Httbert,* op. cit. p. 37.

that a working-class or white-collar family had previously been able to afford on average in peacetime. The "generosity" that the fascists exercised in order to prevent the people's war morale from sinking as far as possible stemmed from their fear of a deterioration in mass sentiment and at the same time demonstrated a
¡Probe misjudgment of the realities of the war, the real balance of power, as well as the blitzkrieg strategy as a whole, on which they ultimately relied in setting high rations.
From the outset, the fascists regarded rationing as a primary political factor, on whose development mass sentiment depended to a large extent,[11]
Throughout the war, they made considerable propaganda efforts to explain the introduction and later the deterioration of the rationing system to the population as cleverly as possible and to deceive them about the true situation for as long as possible.
Goebbels himself took painstaking care to ensure that the greatest caution and delicacy were exercised when dealing with questions of rationing and the consumption of food and consumer goods in general,[12]
In October 1939, for example, a prospective communication from the Reichs
Minister of Economic Affairs to the population "that they would have to make do with the present stock of shoes until the end of the war. "[3] Some time later he ordered that there should be
should "no longer be published in the press that luxury clothing and shoes are freely for sale",[14] and "in future nothing should be displayed (in shop windows - D. E.) which, in the opinion of men, could be sold for the duration of the
This tactical expedient was supplemented by constant distracting references to the alleged "social backwardness" of the opposing states, especially England,[16]
In today's West German historical and memoir literature, this caution and concern for mass sentiment is often criticized in apologetic overzealousness and with clear current reference as superfluous and in any case as an obstacle to total mobilization.

11 s. 3fefdiingen aus dem teich. Selections from the secret situation reports of the SS security service 1939-1944, ed. by Heinz Boberach, Neuwied-Berlin 1965, passim.
12 cf. DZA Potsdam, Reich Ministry for Popular Enlightenment and Propaganda, No. 1 a, *I b,* Minutes of the daily department head conferences of the minister, printed in : *Kriegs-propaganda 1939-1941.* Geheime Ministerkonferenzen im Reichspropagandaministerium, ed. by Willi A. Boelcke, Stuttgart 1966.
13 DZA Potsdam, op. cit., no. 1 a, sheet 4 (Oct. 27, 1939); see also sheet 2 (Oct. 28, 1939).
14 Ibid., p. 28 (Dec. 4, 1939).
15 DZA Potsdam, op. cit., no. 1 b, p. 45 (27 Feb. 1940).
16 cf. DZA Potsdam, op. cit., no. 1 a, sheet 15 (13. 11. 1939).
16 a Thus A **iecke,** *Hans-Joachim,* Ernährung und Landwirtschaft im Kriege, in: Bilanz des Zweiten Weltkrieges, op. cit. p. 336 f. ; also *Schwerin v. Krooigk, Lutz Gf'.,* Wie wurde der **Zweite Weltkrieg finanziert?, in** : ibid., p. 323 ff. ; *Wagen{ühr, Rolf,* Industrie, p. 27 f.

was by no means unfounded. Although 'Jen Fascliisten had succeeded in chauvinistically inciting large sections of the people, it became clear to the ruling circles in many cases even before the war began that despite the fiercest terror and a veritable barrage of propaganda, no enthusiasm for the war could be expected from the vast majority of the people. "If only one had the feeling," wrote General Eduard Wagner, Quartermaster General of the Army, in his diary on September 3, "that the people realize the necessity of war. But I believe and fear that nobody understands. "*7

c) Effects of the War Economy Ordinance

The War Economy Ordinance of September G, 1939 and the rat cliwanr of ordinances and implementing regulations attached to it were the result of many years of preparation. Schacht, the first "General in charge of the war economy" (since 1935), Seldte, Schwerin v. Krosigk and their mobilization experts had already prepared this general attack on the last achievements of the German working people, pedantically and carefully evaluating the experiences of the First World War.

But the attack, mounted under economic and political circumstances that were very **little** like **those of the** First World War, failed on many points of attack at the first attempt. The reaction of the monopolies to the KWYO, first and foremost to its price regulations, which they **opposed** fiercely - and successfully - apparently still at the height of the armaments boom**, was** rather **frosty.** But what completely bought off the fascist bureaucrats was the lack of enthusiasm for the war among the people. The lack of enthusiasm for the war among the people was the passive behavior of the mass of the population and, in particular, the widespread occurrence of forms of passive resistance to fascist martial law. This made them extremely insecure and forced them to back down quickly in most important positions, which was of course made much easier by the initial "blitzkrieg" successes.

The main point of contention **was** the wages and s a l a r i e s of the workers. The KWV0 determined the Reich Trustees of Labor to pay them "after further instruction".

17 *Der* Generalguartiermeister*, op. cit.*, p. 122 - The military had also closely observed the implementation and the effect of rationing. "We have requested," Wagner wrote on August 26 (ibid., p. 97f.), "that the law be issued **under Firma** Gäring in order a) to take advantage of its popularity and b) not to burden the soldiers with it.**"** On the day after the map issue, **he noted** the mood in the streets of Berlin (ibid., p. 103, August 29): "On the whole serious, no buoyancy." On the same day, **everyone was** still talking about the "shock effect" that the rationing had caused, and of the "tremendous disgruntlement about dae Kartenayatem". (Ibid. p. 105/., 108).

of the Reich Minister of Labor" to "adapt" immediately to wartime conditions and to "with binding effect u p w a r d s " by means of tariff regulations.*[8]

Anyone who was aware of how far wages in important areas of the economy had actually exceeded the old, officially still valid (crisis) rates, had to look forward with all the more eager anticipation to the "more detailed directive" on which the application of wage regulations in the KWY0 would depend. It already existed, however, in the form of a confidential circular of the same date, which had an important, longer history with regard to its content. A secret law from the summer of 1938 ("Law regulating the use of unstable working conditions in special cases") already contained the instruction to "r e d u c e wages and salaries in mob cases to the collectively agreed wage level." ** Seldte's and Schacht's drafts for these provisions had already been submitted to the Reich Defense Council in 1935.[2*] There was still some wavering before the outbreak of war. The Reich Minister of Labor attempted to revise the law from the previous year by issuing a circular to the trustees of labor on August 23, 1939, namely to refrain from returning wages and salaries to the old rates and to leave it at a stricter wage freeze· Ministerial Director Mansfeld expressed concerns that such a wage cut "would c a u s e great concern among the workforce. Apart from the political consequences, this would lead to a general reduction in performance."

In the decree to the trustees of September 4, 1939, which finally contained the interpretation of the KD'Y0 wage regulations, on the other hand, the demand for the "reduction of wages and salaries, which are considered too high in a war economy that demands sacrifices from all classes of the people," reappeared.

The "reduction of all the wages and salaries that have been greatly increased by the economic situation in recent years …, even if the psychological repercussions are taken into account", and the reduction of piecework earnings "if the collectively agreed piecework rate of the individual groups of workers in the company is exceeded by more than 100/p on average". ** It w a s clear that the trades and industries affected were precisely those "which p l a y a major role in the war economy"; nevertheless, it was stated catcgorically: "in l4 days at the latest, this wage order must be

18 *RCDI.* 1935 I p. 1609 (§ 18, Abe. 1).

19 See DZA Potsdam, Reich Ministry of Economics, No. 10401, p. 3 d., Circular of the Reich Minister of Labor, September 4**, 1939** (confidential).

20 Ibid., p. 62, Circular of **the Reich Minister of Labor,** August **23, 1939** (Geheime Reichssache).

21 Doc. EC-fi05, Report on the 10th meeting of the Working Committee of the Reiehsverteidigungsrat, June 26, **1935,** ZM T', vol. 36, p. fi20. Cf. also DZA Potsdam, op. cit. p. 2, geh. **Memorandum from** the Reich Ministry of Economics, **August 23, 1939.**

22 **Ibid.,** p. 62 d., Circular Decree, Aug. 23**, 1939.**

23 Ibid., p. 2 v., file note, **Aug. 23, 1939.**

24 Ibid., pp. 3 and fi, Circular, fi. Sept. **1939.**

in the most important trades." \\'alirsclieinlich also under the influence of inflation, the highest Reich authorities had initially chosen the sharpest possible variant.

However, only about a month passed before the fascist authorities realized that a new, considerably worse wage system could not be enforced against the working population during the war without enormous effort and, above all, not without the risk of great social upheaval. Reich Minister of Labor Franz Seldte himself was one of those who felt very uncertain about the possible social and political consequences of the new wage regulations, even though he himself had advocated these regulations to the trustees of labor. On September 11, 1939, j u s t a week after his circular decree, he told the Reich Price Commissioner of his fears about the new wage regulations.

"unfavorable psychological effects of the burdens imposed on workers by the War Economy Ordinance." 2° During these weeks, Seldte pursued the tactic of involving the regional authorities of his ministry in the discussion about the due provisions on the K\YV0. He summoned the trustees to Berlin for this purpose and tried to exploit the pressure from below, which could be felt even up to this point, for a more cautious political variant.[27]

The decisive implementing provisions of October 12, 1939 then contained the strict prohibition of both any increase in "the current wage or salary rates" and any change in piecework rates "for the purpose of increasing earnings" - as well as any deterioration of these rates or piecework rates. Nothing was said in future about wages being returned to the old rates or new ones being introduced.

25 Ibid, BI. 3 v., fi v.

26 Wojewódzkie Archiwum Pañstwowe we Wroclawiu (hereinafter: WAP Wrocław), Brealau Government, No. 10 ł49, confidential circular letter from the Reich Prize Commissioner Josef Wagner, October 14, 1939.

27 Illuminated in this way, Selde's helplessness and uncertainty, **about** which Schwerin v. Krosigk - in **a fictitious,** extremely subjective manner - expresses himself, can be **explained** as symptoms of the **general** situation *Schwerin v. Krosigk,* Ltits *G{.'* It happened in Germany.

Menschenbilder unseres Jahrhunderts, Tübingen and Stuttgart 1951, p. 181f.: "Immediately after the outbreak of the war, the Ministry had invited all trustees of **labor** and the presidents of the state labor offices to **a** large meeting in Berlin to decide whether the wage freeze should be maintained during the war. The Minister had been asked to open t h e meeting with a speech pointing the way forward. Seldte gave a dashing 'fatherland speech' about the duty of every German in the army, wished the meeting a good outcome and - disappeared. The next employees hurried after their boss and asked for instructions. But Seldte told them with a smile that they would like to discuss the issue in detail and see if they could come to a conclusion based on the discussion. **He gave** them 'plein **pou voir'.").**

28 *RGB I. ł939* I p. 2028, "Zweite Durehf ührungsbestimmungen zum Abschnitt I I l (Kriegs-löhno) der Kriegswirtscliaftsverordnung", dated Oct. 12, 1939. my emphasis - D. E.

correspondingly low maximum tariffs ("with binding effect upwards") were to be set. This point of the KWVO was quickly resolved. It had disappeared into oblivion, from which it did not reappear during the entire war.

I t was a whole system of severe attacks on the income of the broad masses, which was used to finance the Second World War. T h i s included the war surcharge on income tax and, above all, the ban on paying surcharges for overtime and night work, for work on Sundays and public holidays, which were to be paid i n t o the state coffers instead.3* The complete failure of the attempt to take the surcharges away from the workers with a Fedcrstrich illustrates the causes of the retreat particularly clearly. 'lemonstrate, 'len the regime took on a broad front and highly involuntarily. The provision on the surcharges specifically affected the working class and was also intended to affect them. Ministerial Director ÄJansfeld (RAM) wrote bluntly and in demagogic justification of 'les Fischzuges auf die niedrigsten Einkommen : "Other classes of the people have to make their sacrifice, which strongly affects the standard of living, in other ways, namely through increased tax payments. The working classes remain essentially exempt from them. For their great mass lies in the income group exempted from the war surcharge. Their sacrifice for the war effort consists in the renunciation of the surcharges for special types of work." ** In the In the wider public, however, the fascists avoided discussing this point whenever possible. The comment

for example, which the semi-official war magazine "Deutschland im Kampf" published in its first issue on the K\VVO33 did not even contain the mere mention of the provisions on surcharges.

The confiscation of bonuses had all the more drastic effects as bonuses for overtime and night work in many industries made up "a significant part of the income of the workforce". I n the arms industry in particular, they had "long since b e c o m e a permanent habit." The measure was directed with particular severity

29 **Sources on the relevant legislation, e.**g. in : *Die **deutsche** Arbeite- politik in* den letzten zehn Immun, in : Wirtschaft und Statistilt, 23. Jg., 1943, p. 53ff. See also **overview** and assessment up to the end of i939 **in *Neumann,** Franz,* **Behemoth.** The **Structure** and **Practice** of Nation uf Socinlism, Toronto/New Yorlt/London 1942, p. 345 ff.

.30 Section 18 (3) KWVO.

,11 s. Implementing ordinance of Oct. 11, 1939, *RGB1.* 1939 I p. 2053.

32 *llatui 'eId, Werner,* Kriegslühne, in : Der Vierjahresplan, i "fr. 18/1939 (2nd September issue), p. 1058 ; *Lütge, Friedrich,* Die Lohnpolitik in der Kriegszeit 1939, in : JbbN St, vol. 151, H. 2 (Feb. 1940), p. 212 ff.

33 *Deutschland im KamP[,* ed. by A.J. Berndt and v. **V'edel,** Berlin, *3 g.* 1939, 1st Sept. delivery, p. 681.

34 *.$I'ins[eld, Werner,* a. a. 0.

3? *Liitge, Friedrich,* op. cit. p. 214.

again against those who were most necessary for the functioning of the war economy: the armaments workers. And the barely dispensable higher-paid (skilled) workers, whose income was above the exemption limit o f RM 234 per month, still had to pay the war tax (50°/9 of the income tax).

Wages fell until November 1939. The Leunawerke, for example, reported the following figures for average hourly wages*7:

	August 1939	October 1939
Chemical assistant	0.89-0.91 RM	0.87 RM
Chemical worker	0.94 RM	0.88 RM
Chemical worker	1, - RM	0.93 Reputation

However, a meeting in the Reich Ministry of Economics vividly demonstrated that the attitude of the workers wasa trick on the fascists

on November 10, 1939, the minutes of which are quoted with only a minor omission due to their importance:

"Subject matter: Supplements for overtime, for I "Iach work and Sunday work.

Participants State Secretary Posse
S tate Secretary b'eumann
State Secretary Syrup with RID. Mansfeld
General Thomas
MD. Hedding (Reich Ministry of Finance)
Flottmann (Reich Price Commissioner)
MR. Josten (RWM - IY K red.)
Dr. Rigler (RWM - I I I ST')

State Secretary Posse opens the meeting with the statement that the Minister of Economics feels compelled to examine the reintroduction of bonuses for overtime, night work and Sunday work,

1) because the workers' income was no longer sufficient to buy the food to which they were entitled under the food allowance scheme,
2) because it had been established that the Yerbot had led to a *refusal* rori *'over-hours, night and Sunday work* a n d *sabotage* has led.

36 s. § 2 KWVO and § 1 of the implementation regulations, dated Sept. 4, 1939, *RGBI.* 1939 I P. 1613.

37 s. *KämR[endes Leuna (1916-194d).* The history of the Leuna workers' struggle, T. 1, 2nd half-vol. (193W1945) (= Geschichte der Fabriken und Werke, vol. 8), Berlin 1961, p. 739 ; see also *Kuczynski,* Jürgen, Lage der Arbeiter 1933-1945, p. 263 f.

38 DZA Potsdam, Reichswirtschaftsministerium, Nr. 10401, Bl. 85 d., Minutes of the departmental meeting at the GBW (General Plenipotentiary for the Economy), secret (my emphasis in the text - D. E .) ; see also *Moson,* Y. IV., Laboiir in the Third Reiclx, a. a. 0. (in English transl.).

At the same time, State Secretary Posse draws attention to the fact that an ex-entional lifting of the ban on surcharges would be the first official departure from the War Economy Ordinance. At the same time, this also raises the question of lowering the exemption limit for the I(riegszuschlag on income tax.

In the debate, the problem itself was essentially summarized as follows:

In the armaments factories, the majority of workers actually stayed away on Sundays; similarly, a decrease in night shifts was noted (Thomas). . . .

The fact that the workers could not even buy everything they were entitled to on the basis of the ration cards could not apply to the average. (It could, however, be true for those actually living below this level.) It is a fact that a large working-class family is sometimes entitled to more than it has ever bought before. This is also proven by the emergence of wild ration card exchanges. The hardest workers received more food than they could consume. This is also shown by the Pohl memorandum (Arbeitswissenschafliches 1 nstitut der D AF), which is, however, disputed.

The necessary increase in performance has so far been attempted through wage increases. The \\"industry is currently demanding such wage increases on a large scale again. However, this means of ignition must fail today. The worker does not lack the good will, but simply cannot do any more. They have had to keep up an excessive pace for years. This is also proven by the *unemployment reports,* which in some cases had reached a level of *CO per cent of those in the workforce* (Mansfeld).

On the other hand, however, wage cuts had not come into effect, so that the worker would be extraordinarily favored after the abolition of the prohibition of extra pay - the only sacrifice that had been imposed on him so far - and would even participate in the war.

' is earned. You can't wage wars if you have a class of the population,

i.e. the worker, in absorbent cotton. Moreover, the sum of expenditure is not matched by corresponding production today, so it has to b e siphoned off, otherwise we would practically end up with inflation (costs).

I n this context, it was considered to reintroduce all allowances and at the same time to impose the war surcharge on income tax up to the minimum subsistence level (Syrup), while abolishing the previous exemption limit of RM 2400 (RM 234 per month). However, Dr. Ley would then have to pay the unavoidable

He could prove cases in which, for example, the previously lost amount of RM 3 for surcharges could be replaced by a tax of RM 6. Such a regulation would also hit small retailers and small tradesmen hard.

Accordingly, a reduction of the exemption limit from RM 234 to only RM 150 could be approved. However, the exemption limit would also have undesirable effects on the willingness to work, as no worker would want to work slightly above this limit. M D. Hedding explained that the loss in taxes would be 100 to 150 % if Sunday and night work bonuses were reinstated.

ñlillion RM, including the overtime bonuses o f 250 to 300 million RM. As a fiscalist, he would welcome the reintroduction of the bonuses if the exemption limit were reduced from RM 2,400 to R1,800.

The state authority would undoubtedly suffer a serious loss as a result of the reintroduction of bonuses (Thomas), flan would be able to choose the form of compensation for expenses in order to mitigate the impression. In the case of the drafting of the E mployment Ordinance, which incidentally would have taken place without the involvement of the specialist departments, the question of bonuses for overtime was based only on psychological and not on material considerations. Flan would undoubtedly have been better off leaving the surcharges as they were, but would have imposed the war surcharge on income tax on workers at a more favorable time.

State Secretary Posse will propose to the Minister of the Economy as a result of the discussion that a decree be issued by the Council of Ministers:

1) reintroduce bonuses for Sunday and night work,
2) to reduce the exemption limit for the war surcharge on income tax 'from 2400 RM to łł800 RU."

\\'A few days after this meeting, LİEU published a lenient justification in the form of a brief title by the Reich Minister of Labor [3], according to which the night, Sunday and holiday bonuses confiscated for the benefit of the state were to be paid out again. 14 days later, when the vacation ban was also lifted, the Hitler government felt compelled to justify this rapid \\'ondel inn radio.*<

The payment or non-payment of bonuses for overtime often remained a particular problem. \\'as was "à teaching work"? This question was related to the redefinition of the duration of working hours, which the legislator had reserved the right to officially increase in the KD'YO (§ 20). The "Yerordnung zur Abänderung und Ergänzung von Yor- schriften auf dem Gebiet des Arbeitsrechts "**, which was dated earlier but published later, still took a very brisk a p p r o a c h . For male workers and employees, all statutory provisions "insofar as they r e g u l a t e the duration of the working day of employees" were repealed until further notice (§ 4).

As a result, a situation prevailed for more than a quarter of a year that seemed unthinkable for a hundred years: working hours remained unmeasured, there was no legal regulation regarding the length of the working day, and the working class was completely without rights under labor law.

On łł. September, initially for young people over the age of 16 and for women

The ten-hour working day is permitted "in urgent cases" (56 hours per week),

39 "Ordinance supplementing Section III of the War Economy Ordinance (Sunday, public holiday and night allowances)", dated Nov. 16, 1939, *RGB I.* 1939 I P. 2254.

40 s. Speech by Selde at the Berlin radio station on "Wage policy in wartime", Nov. 28, 1939, printed.
in : *DeuteChf* nd im xnmp{, p. S4 fK

41 From Sept. 1, 1939, *RGB I.* 1939 I P. 1683.

The text of the important, generally applicable "Ordinance on Occupational Safety and Health" of December 12, 1939[43] was, however, relatively x-oroughly ttb Ißt. I t stated that now that the "changeover to the new tasks" had been completed, "the protection of the workforce was once again the full concern of the state leadership". The ten-hour day w as *not* officially decreed, but it w as stated that the daily w orking time should not e x c e e d ten hours, except w hen a lot of w ork w as done.

"Standby work" falls within this period; in this case, a twelve-hour working day is permissible. At the same time, however, the ordinance (§ 5) defined work in excess of ten hours as overtime eligible for extra pay. The ten-hour day and night work for women and young people were again restricted, albeit slightly and in flexible formulations.

In a long decree of the same date**, the Reich Minister of Labor explained his regulation in detail and urgently recommended that the possibilities of extending working hours be used as cautiously as possible.

The important issue of overtime in particular, with which the existence of the ten-hour working day was officially acknowledged, albeit in a roundabout way, was soon revised even further. One year after the outbreak of war, one year after the KYt'V0, the overtime supplements were generally reintroduced and even referred to the pre-war level, i.e. eight-hour working hours:

"In recognition of the special services that had to be demanded of workers and employees in the previous war months, forgoing parts of their overtime earnings, and to simplify payroll accounting, the overtime bonuses should b e reintroduced *to* the same extent *as* they were before *the outbreak of the* war." <

Later, the Reich Minister of Labor expressly confirmed the eight-hour working day as the legally valid duration of working hours.*<

This was an extraordinary situation. The ten-hour working day actually existed for everyone, and in many cases people worked even longer. However, the ten-hour day was officially, legally, only granted as a war-related exception. The demagogic content of this sophisticated tactic cannot be overlooked. Born out of fear of the working class, it paid off for the fascists after all: Overwork retained its financial appeal for workers and employees. It was paid after all during the war. The total wages of workers and employees increased not insignificantly, regardless of the

42 Decree of the Reich Minister of Labor, concerning exemptions from labor protection, *Reich Labor Gazette* (hereinafter: *R ABI.].* 1939 III p. 293f.

43 *RGB1.* 1939 I P. 2403.

44 Decree, concerning the Ordinance on Occupational Safety, of Dec. 12, 1939, *RABS.* 1939 I II P. 380.

fi5 "Ordinance on the reintroduction of overtime bonuses", Sept. 3, 1940, *RGBI.* 1940 I p. 1205 - My emphasis - D. E.

fi6 s. Decree on the "Standardization of collectively agreed working time provisions", dated 12 Sept. 1941, *RABS.* l9fi l III p. fi27.

The fact is that eIonopoly capital was still not at a loss for means and \\'ways to k e e p wage increases in check, so as not to allow any diminution of its war profit economy.*' The danger of inflated purchasing power

The fascists accepted this. They t a c k l e d this problem by tightening state monopolistic regulation, from rationing to surveillance by the entire terror apparatus. \\'Even if the aforementioned financial incentive was less and less of a real material incentive, because the opportunities to buy something sensible and solvent for it quickly dwindled, it seemed to the \'workers that they did not need to slave for the fascist war machine for nothing. The amount of their wages remained something \\'iclitious and impressive in their subjective view; olijek deep down, however, it lost more and more of its significance. Indeed, in the form of sion S pargeld, their hard-earned money flowed "p-eräusch1os" into the bottomless war chest, unnoticed and never to be seen again.

\\'as finally concerned the vacation ban (§ 19 K\\'\'0), it was also lifted again by order x om November 17, 1939^. Vacation lost in 1939 could be taken from IS. Jan uary 1940 onwards.

Unlike in the case of bonuses, the clon opoles fiercely opposed the \\'reintroduction of leave on various occasions because it was a matter of their own profit, and a very substantial one at that. The managers of the Mansfeld Group, for example, clamored that "the normal granting of leave in l9fi0 was equivalent t o a reduction in the mining workforce of around 220 men. Added to this would be the vacation shifts to be granted from 1939, which would mean a loss of another 100 men. " *° They had already tried to prevent the order in October and were now pushing for the "voluntary renunciation of leave in 1940 with full compensation", although this was only permitted by law if "exceptionally, due to the state of war, it would not be possible to take x-on time off". However, the majority of miners insisted on taking their vacation in kind.

The fact that the examined provisions of the War Economy Ordinance were largely suspended or statically weakened after a few months, and that some

47 **Walter lilingspor, member of the board of** the Salzdetfurth **Group, reported to** General **Director** Rudolf Stahl (letter of 20 fi. 1941, BA ß l a n s f e l d , No. 524): **"We** would have **already worked** without loss in April and May (concerning **a coal mine of this group** - D. E.) if the result had not been burdened by holidays to be paid. There are no reasons why this improvement should not continue. *The increased wages have '+'ir reduced with age.* Of course, this is not without certain difficulties." - **My** emphasis - D. E.

48 "Order on the reintroduction of Urlä ub", *Deutstlier* 2teicfisanzeiger, No. 27s, of Nov. 23, 1939; see also *IUBL* 1939 I p. 545.

49 *Jonas, Wol%qang,* Das Leben der Mansfeld-Arbeiter 1924 bis 1945, a. a. 0., p. 391. It was an annual survey of d urclis clinit tlich n tir a ÄÄ'oclie fiir 'len miners.

50 Even a.

were not taken up again by them until the end of the war, was undoubtedly above all a success of the passive, partly oranized \\'resistance of the German
.workers. This \\ resistance objectively contributed to impairing the German war economy's potential to finance the war.
'-erringer and to weaken the military apparatus itself. All the bonuses that had been withheld from workers and employees in accordance with It\\'VO x and were now being paid out again amounted to an estimated 2-3 \Iilli- ard marks a year. This enormous sum, which the workers were initially to be directly cheated out of, was offset by the same amount (around RM 2.5 billion) in annual income from the war tax **.
However, the success described above need not be overestimated from an economic point of view. \If the suspended provisions had been maintained, the labor force and willingness to work of the German workers would have been exhausted within a short time for purely physical reasons; labor productivity and productivity would have declined rapidly. With such an overexploitation of the labor force, the 8Jonopolies and Nazi authorities were in the long run violating their own war-economic interests and, although otherwise not exactly embarrassing in this respect, would sooner or later be forced to make changes if their demise was in danger.
'les Eurses have been **forced.**
The outcome of this kind of x ont f measure between the fascist regime and the working class was nevertheless s3 mptomatic of the concessions to the popular vote that the regime was forced to make in numerous instances during the war. The unjust, x-criminal character of this war, which it led, prevented it from relying on the genuine patriotism and willingness of the people to make sacrifices. His concessions were a sign of the hellish fear of the Nazis and the monopolies of upheavals in the let- mood and of social tensions that could lead to such upheavals, to let- dissatisfaction.
This was also confirmed a short time later, in the spring of I 9fi0, in the debate on a more important issue for the II war economy.

d) Erste Vorstöße zum Arbeitszwang für Frauen

The project to introduce an all;;;e r lieitspfiicli t for women overcame fascist legal obstacles towards the end of \\ in ters l939/fi0 and during this spring of 19fi0. please June i940, when the French 1*aPitulation and thus
'lie French \\'irtscliaf tsbeu te including labor were nalgerück t,
they dropped the plan and only seriously resurrected it three years later. Nevertheless, the long \'discussions about this project and the numerous final drafts of t h e corresponding ordinances are highly informative for the economic and political situation of Hen tish imperialism int

51 cf. *Darhurino, Otto,* Ste ner Politi k im lirieye, in : Jbbü ?nt, D'1. 130, 1939, p. 571.

Spring l9fi0, especially immediately before the aggression in the U'esten, and provide deep insights into the llechanism of the state-monopoly war economy in general and into some of its weakest points in particular.

Around the second half of 1937, in view of the growing labor shortage, the fascist enforcers had begun to make the professional work of women universally acceptable again and to propagate it. In h'ovember 1937, legal provisions from 1933 that h a d discriminated against the professional work of married women had been repealed.*- On July 8, 1938, Göring had already made it clear to the äJonopoly rulers of the aircraft industry that women would be forced to work in the armaments industry in the event of war. At the spectacularly attended meeting of the Reich Defense Council on 23 J une 1939, at which the manpower situation in the event of war was primarily discussed, G öring, w h o chaired the meeting, described the "compulsory employment of wom en in the war effort" as a pressing issue "of decisive importance". State Secretary Syrup had calculated that, in addition to the 13.8 million women currently in the workforce, a further "3.5 million women who are still unemployed could be deployed".

At the end of April J 9fi0, two \\'weeks before the start of the offensive in the \ i 'esten, the Reich Minister of Labor presented the draft of a "Ordinance on the increased deployment of women for Reich defense tasks". On the basis of this framework ordinance, he intended to "stipulate that female persons of German nationality between the ages of lfi and 40 who live in the Reich territory must register with the employment office to check their eligibility for deployment" >. The first registration was planned for May 20. It should not yet concern women with families and schoolgirls.

The planned ll measures provoked a detailed and fundamental discussion among the top echelons of the fascist authorities about wage and working conditions for women in the iiriepe. Significantly, none of those involved, from G oebbels to any government president, raised any serious fundamental objections. Ideological motives were not seen as an obstacle; they apparently no longer played a role in this question. No thought was given to reducing the resentment against women's work that had been bred since 1933, or at least no longer explicitly reckoned with it. Instead, there were strong indications that it would continue to exist, especially a noticeable decline in the employment of women in the first months of the war. The

[1] 2 *v gI. Kw:zynski,* J 'tirgen, Lage der .Arbeiter 193W1965, p. 152.

5.3 Doc. R-1fi0, *IM T,* vol. 38, p. 395, Minutes **of Göring**'s meeting **with** the **Flug-**on 8. 7. 1538.

üfi Doc. PS-3787, Report of the O KW on the 2nd meeting of the Reich Defense Council on June 23, 1939, dated July 10, 1s39, Z.W 7', vol. 33, pp. 151, 153.

Pro DZA Potsdam, Reichswirtschaltsministerium, no. 10347, p. 132.

a6 Ebend a, p. 131, Reich Labor Minister Seld te to blinisterrat für die Reichsverteidigung, 27 Äpri1I94o.

The only serious, fundamental concern related to the public response to the compulsory conscription of women to work and the reaction of the people to such a coercive measure. Serious arguments came from the Reich Ministry of the Interior: "The forced conscription of women for
The work that the draft aims to achieve is particularly suitable for influencing the mood of the population. ... The recruitment of women must ... must be handled with particular care. Mistakes made in this area can have a dangerous effect on the mood at home as well as at the front." °*

Despite such political concerns, all departments of the fascist state apparatus involved saw the forced mobilization of the female workforce as necessary. There was no economic compulsion to take up work among the non-employed women whose husbands were conscripted in view of the relatively high level of family support, and many women who had previously worked gave up or had already given up their jobs in view of the support payments.

In doing so, however, the authorities inevitably encountered a new, significant economic problem, which ultimately proved unsolvable. The difficulty for the Nazi authorities and monopolies arose from the prevailing socio-economic and political system and consisted in the following: it had become necessary for the war economy to employ large numbers of women instead of men in the armaments industry, i.e. mainly at workplaces and in branches of industry that had previously been reserved for men. But how were these women to be paid for their work? What had previously seemed to be an economic matter of course - the underpayment of women's work for equal performance - suddenly became a profound social problem in the war economy, which affected the entire \\'economic and social structure of fascist Germany down to its \\'roots.

The rates for women's work in selected industries in the Reich (as a percentage of men's rates) were >:

6Fetal processing industry	75
Textile industry (auxiliary staff)	74,4
Textile industry (skilled workers)	80
Shoe industry	75,6
Paper manufacturing industry	67,3
Confectionery, bakery and pasta industry	67,3
Clothing industry	64,6
Brewing tissue	63,9
Paper processing industry	62,3
Fine ceramics industry	61,3
Letterpress printing	61,2

57 Ibid., p. 89, State Secretary Stuckart to 6linisterrat for the defense of the Reich, May 9, 1940.

58 s. ibid. n, p. 9i5, meeting document for Undersecretary x-. Hanneken (Reichs-Ministry of Economics), May 8, 1940.

The free sale of labor without state monopoly restrictions would have led to the rapid equalization of women's wages with men's wages in the existing situation on the labor market. This solution was completely unacceptable for llonopolies and fascist authorities. According to calculations by the Reich Ministry of Economics, it would have cost them three to four billion clarks a year5° - excess profit that the monopolies made every year from the exploitation *of female* workers !

The closest solution to the regime was to pay women lower wages in the armaments industry and at internal workplaces. However, this \\'path was associated with great dangers for those in power. The

\\The resistance of women, especially those who had previously managed with family support, to this system, which so obviously disadvantaged them, would have grown dangerously. The women would have looked to reduce their work performance accordingly, or they could not have been persuaded to take up the work they were ordered to do.

A compromise solution, in which the traditional women's wages remained the same, but the "new" women's professions were to be paid according to internal rates, in turn entailed the risk of social tensions between traditional and new women's professions as well as corresponding wage demands or an exodus of women from their traditional professions and branches of industry.

Finally, it was agreed that only in certain branches of industry - it was even intended, with the involvement of the OK\\', to "catalog the individual companies "** - and when taking over only piecework "that was usually done by men until the beginning of the war, ... with the same

performance under the same working conditions (no facilitations of a mechanical nature, no longer breaks, no assistance criiftes) to allow equal pay" b2.

All other work was to be subject to deductions from the men's wage, usually 2 °/ . This regulation was finally reflected in an official circular from the Reich Minister of Labor to the "Reich Trustees of the

Work" from i5. June 1940.

Even with this "solution", the fascists remained well aware of this,

"that this is a problem of the utmost importance, which is not

59 Ibid: "The economic burden of such an equalization with an equal deployment of women would be RM 2.78 billion **per year.** With the desired *increased use of* **women,** probably RM 3-fi billion."

60 In mid-March, for example, Government Councillor Knolle of the Reich Ministry of Labor argued very sharply in this direction *(Knolle,* Der Frauenlohn im Kriege, in: *R ABI.* 19fi0 V S. SS9R.).

61 DZA Potsdam, op. cit., p. 102, **Reichsarlieitsminister an Beauftragten für den Vierjahresplan, May** 10, 1940.

62 Ibid., p. 99 v., memorandum from the Reich Ministry of Economics, May 16, 1940.

63 *itABf.* 19fi0 I p. 301, "Re: Wage and working conditions of women **during the war".**

failure of the attempt **now** being made m a y have unforeseeable consequences for the entire war economy".

The fascists were faced with an additional problem in that the relatively high rates of maintenance paid by the state for families after the father had been drafted into the Y\'ehrmacht did not provide any incentive for the wife to take up work. The maintenance rates of the person entitled to maintenance

- usually the wife's - were calculated "taking into account his previous living expenses" according to the level o f net income that the draftee had before the draft, in the form of increasing table rates (for example

48 äJ ark for an income of over 120 to 130 marks, 100 Clark for over 250 to 260 Flark). These rates were supplemented by the payment of the full rent, health support, holiday allowances, aid for the maintenance of life insurance, for the handling of payment transactions, for the further remuneration of a domestic help and others, up to a certain maximum limit (net income of husband and wife minus 15 percent). In many cases, this allowed women to "live without work - if not better, at least more comfortably." A considerable number of women therefore stopped working after their husbands were called up. Others allowed themselves to be "war-drafted" in order to stop working afterwards. "The new regulation of family support in the fall of 1939," according to a report by Seldete to the head of the Reich Chancellery, Lammers, "not only weakened the tendency of supported women to take up work, but also led to numerous women who had been granted family support after being married during the war giving up their previous jobs. "67

Depending on whether or not the earnings of the women who were forced to work were counted towards the family's maintenance (an average of **45 percent** had previously been counted), a host of social and political problems arose for the fascist regime, which cannot b e discussed in detail here. Even if they were not taken into account, however, the regime could not expect that "the will to work would actually be **strengthened**", as the

"generosity of family maintenance ... would be grossly abused"<. Party figures such as Goebbels, öI utschmann and Sauckel assessed the situation with cynical realism and great fear of a deterioration in mass sentiment and made no mistake about the lack1 of interest or even

64 DZA **Potsdam,** op. cit., p. 103, **Reich Minister of Labor to the Commissioner for the** Four-Year Plan, May 10, 1940.

65 See ibid., p. 110, **memorandum** from **the Reich Ministry of Economics,** undated. Cf. also *Albrecht,* ***G.,*** **Die Unterstützung der Familien Einberufener (Entwicklung und gesetzliche Grundlagen),** in : JbbNSt, vol. **151, no.** 1 (Jan. 1940), pp. 66-84.

66 DZA Potsdam, op. cit. p. 108 **v., memorandum from the Reich Ministry of Economics,** 25. 5. 1940.

67 Doc. NG-1190, Case XI, ADB 83, Seldte to Dammers, 21. 3. 19fi0, DZA Potsdam, Nuremberg Trials, Case XI, No. 365, Bl. 61.

68 Ibid., p. 11), memorandum from the Reich Ministry of Economics, undated.

enthusiasm to work for the war effort.6*Tl had to admit that the "resumption of work by women ... ... must be expected mainly from the special measures being prepared for the increased use of women for Reich defense tasks (hleldepflicht)".**

The high rates of family support, which were not paid according to the welfare principle but according to the compensation principle, were a concession by the ruling circles to the population in order to make men and women more willing to fight. The "family support" required enormous budgetary resources. Fritz Reinhard t, State Secretary in the Reich Ministry of Finance, calculated their sum in September 1941 at five billion RM (for the current financial year), which was an eighth of the Reich's estimated income for that year.** The drastic ¥\'ir effect of family support extended "to the entire social and economic life ... There is hardly a family in Germany today that does not live in

any FOrm comes into contact with the F lmilieII maintenance iTl." °2 The eco

The nomic and social effects of the subsidies (creation of new purchasing power, "negative attitude towards work", etc.) were observed with great unease in insider circles.^ The only factual, truthful justification that the ruling circles had for this costly and, in its course, so questionable system was formulated by Schielin: it was "during the war … to strengthen the mood of the people, primarily the attitude of the broad masses. Only on this basis can the generosity be justified, which appears questionable in some respects according to the other points examined." '*

In their attempt to buy their way out of the contradiction that lay between the war's demands on the people's vitality and their lack of enthusiasm for the war, those II voyages were caught up in a tangle of new, predominantly economically based \Ä'contradictions, which now made themselves felt in an acute \\'way. They proved to be essentially insoluble for them, i.e. they could not b e resolved without serious economic, social and political shocks to the entire social order.

In 1940, the compulsory labor requirement for prauen, even the initially planned obligation to register, remained stuck in the draft stage. The monopolies and the Nazi clique were able to postpone the solution to this problem all the more easily as they were able to work in the

69 see ibid., BI. llfi ff., 108 ff.

70 Ibid., BI. 109, memorandum from the Reich Ministry of Economics, May 25, 19fi0.

71 *Aeiribnrdt, Fritz,* Gemeinschaftsbedarf und seine Finanzierung nach nationalsoziaIisti-schen Grundsätzen, in : Die Deutsche Volkswirtschaft, Vol. 19fi1, No. 26, Sept. 2 issue, S. 991.

72 *Schielin,* Arme, Der Familienunterhalt (Anwendung und Bewährung), in : JbbN St, Vol. 157, H. 5/6 (May/June 19fi3), p. fi58.

73 see ibid., p. 454 ff.

7fi Ibid, p. 457. This refers to the "socio-political" uiiil the " economic" C-viewpoint.

forced laborers from the occupied territories provided an incomparably cheap and seemingly inexhaustible labor pool.'* Nevertheless, as soon as the war economy was under great pressure, there were always stronger demands for forced labor for women. Particularly from August J 940 onwards, top authorities such as the \Vehrwirtschaf ts- und Rüstungsamt des OK\V (General Thomas) took up the issue again**, but received the answer,

"that the women's service could not be considered at present for political reasons." **

The number of employed women fell by 459,000 (over 3 percent) in the first period of the war.[78] I n agriculture, the rate w a s 11 percent, in industry and the trades 4 percent.** The number of female workers and employees fell sharply (6.4 percent), particularly from mid-1939 to spring 1940 (i.e. from mid-1939 to spring 1940), rose again to the pre-war level and fell again considerably until spring 1941. I n October 1940 (!), the ratio of female to male workers and employees reached the level of January 1933 for the first time (37 : 100). *

In the first six months after the outbreak of war, the employment of female workers decreased considerably. However, this is not surprising:

Tens of thousands of families of draftees were paid as "compensation" for those affected, as a kind of insurance premium for the regime, which in many cases, even without the soldier's wife going to work, was sufficient for the life that the forced labor still allowed her to lead. The provisions of the KU'V0 and especially those official measures which abolished the protection of women's work did their part and induced many women to leave their employment. The severe shortage of social facilities also

7o *Homze, Ed 'ard L.,* Foreign Labor in Nazi Germany, Princeton, N. J., 1967, p. 10, also notes a close connection between the fascist **policy** towards its own people and the forced recruitment of millions of foreign workers as a means of supposedly less resistance, particularly with regard to the question of women's labor.

76 s. Doc. PS-1457, War Diary of the Wehrwirtschafts- und Rüstungsamt (Kladde), Entry No. 64 (Aug. 22, 1940) and 73 (Jan. 9, 1941), Case V I, AD B 20, DZA/FS, IG-Farben trial, film no. 413; Doc. PS- l4i56, Kriegstagebuch des Wehrwirtschafts- und Rüstungsamtes, Vortragsnotiz Thomas' über Besprechung bei Todt, Aug. 22, 1940, Fall XI, ADB 122 A, DZA Potsdam, Fall XI, Nr. 415, BI. 167 ; ibid. 159, **memorandum by** Thomas, Sept. 13, 1940 ; ibid., p. 142, **minutes** of a meeting between Thomas and industrialists, Jan. 9, 1941.

77 Doc. PS-1457, op. cit. (Jan. 9, 194l) ; reproduces statement by Fritz Todt.

78 *The E ffecls,* p. 207. Calculated from May 31, 1939 to May 31, 1941.

79 Ibid., p. 20c ; *Kaldor, Nicholas,* op. cit. p. 13.

80 According to health insurance fund statistics (membership statistics), i.e. without taking into account the class of "contributing family members" (bsd. agriculture).

81 *Scharlau,* Der Arbeitseinsatz der Fra uen im Kriege. A statistical study, in : *R ABI.* 1941 V p. 86 (February 15, 1941).

82 Ibid., p. 87.

for working women with children, which the high birth rate of the 1930s made even more noticeable, often contributed to women leaving the workforce.
Thus, the development of women's work reflected the regime's internal, latent weaknesses in many ways.

e) Signs of internal weakness of the regime

With the dull fear of their own people breathing down their necks, the monopolies and fascist rulers pursued their social and political demagogy, a policy of unrestrained promises and sometimes also social compromises and concessions, always for the purpose of morally and politically corrupting the masses.
The relationship between terror or open oppression and the squeezing of the \\'workers through extra-economic coercion on the one hand and demagogic promises and concessions on the other varied in the individual periods of the war; at all times, however, it represented a major problem for the ruling class. Severe attacks on the situation of the working masses, brutal attacks on their living and working conditions, alternated with massive, eruptive demagogy or with concessions and compromises. With every change in the situation, especially in the course of the war, the representatives of the brusque and the more cautious course confronted each other directly; in many cases, the same person (Goebbels, for example) displayed both radic- ity and fear of the masses. Material and political deterioration and difficulties were also prepared for those who were in power with demagogic diversionary maneuvers.
The main weapon of the regime against the "enemy within" was and remained the open fascist terror. The ruling circles also believed that they could squeeze the enormous economic effort required by the war out of the people, primarily through terror, on the basis of the law of war. Violence can certainly become an economic force, especially when, as in fascism, it penetrates deep into the economy, right down to the last workplace. However, the lack of enthusiasm for war could only be compensated to a certain extent by coercion and terror. The bestial terror could never really have a stimulating effect on the creative power and the will to sacrifice of the people ¡ on the contrary, it had to rally their creative forces against the regime or to repel them.

83 see also *Homze, Edw'ard L.,* op. cit. p. *9 I.*
8fi As such, for example, Hitler's loud announcement (February 15, 19fi0) of a "comprehensive and generous pension scheme for the German people" after the war and its subsequent "preparation" by Ley as well as Hitler's "Decree on the preparation of German housing construction after the war" *[RGBI.* 1940 I p. 1495 ff.,. of Nov. 15, 1940), see also Documents *of German Politics,* edited by F. A. Six Vol. 8, T. 2, Berlin 1943, p. 710 d.

blunt. In addition to fear and apathy - both of which were conceivably unsuitable as stimuli for higher work performance and greater material sacrifices - it also necessarily caused increased \\ resistance. But the rulers feared nothing more than this. Even the slightest changes in mass sentiment, any dissatisfaction among the population were meticulously registered and monitored, full of distrust, always in fear of "mood swings". They had bought the abolition of all democratic rights with the regime's internal insecurity towards the people, with the lasting fear of an internal plebiscite, which in turn c o u l d only be covered up by terror.

It was a cardinal weakness of the system that it could not tap into additional internal potential other than through the terror of the war economy. Leading representatives of the Nazi regime were also more or less clearly aware of this inherent weakness of fascism. But between the terror against the)'olk and the fear of the Yolk there was an inescapable, almost lawful diaJec tic interplay.

This dialectic can perhaps best be observed and analyzed in the phase of the beginning of the war, the transition from the arms industry to the war economy. For the monopolies and the Nazi clique, the unleashing of the war meant the beginning of an adventure that entailed particular difficulties and dangers, including the risk of defeat. More than before, t h e y were dependent on domestic calm, on the docility o f their own people; they now even had to r e l y on their willingness to provide the rulers with an additional, extra lesson in labor and vitality in addition to the blood sacrifices at the front. At the same time, however, the \\'contradictions between their goals and the vital interests of the masses of the population were wider than ever before. The results of the present study must also be understood in the light of this situation. However, the fascist regime had hardly realized the difficulties and disadvantages it would face if it wanted to implement the entire system of wartime economic legislation in the autumn of 1939, and no sooner had it attempted to react to this than the first military successes seemed to allow it to c a n c e l important parts of the economic package, to treat others dila- torically, and even to accelerate the pace of the economic conversion to the
to slow down the "total" war considerably. The loss of war economy

The resources that arose as a result were intended to be used more easily, without endangering the domestic political balance of power and the morale of the nation, by ruthlessly exploiting 'Jer sources of aid and the labor force of foreign countries. Whereas up to that point attempts had been made to play off different classes of the German people against each other and all classes together against the Jewish population, attempts were now being made, on a larger scale, to play off the German people against other peoples. In this way, fascist-imperialist policies u n f o l d e d , quite lawfully. This clearly showed how the dialectic of terror and fear played into the dialectic of \'er-
between the regime's extreme inward reaction and the highest level of outward aa6res- six ity.

2. Foreign forced laborers in Germany

a) Basic features of a definition of the work of constraint

There is a profound causal connection between the general urge of imperialism for cheap labor - just as immanent as that for raw materials, sales markets and spheres of capital investment - and the related policies and practices of German imperialism and fascism. ' The profitable exploitation of the labor force of foreign countries, even continents, was one of the main war aims of German monopoly capital. Although this component of the German monopolies' war planning still requires extensive research in detail, the historical facts are completely clear and can be traced in their historical continuity far back into the times of German war planning for the First World War. As with the general imperialist character of forced labor by foreign workers, the initiative and leading role of the large elonopolies and of important state monopoly institutions in the planning and execution of mass forced labor is denied or underestimated and devalued in bourgeois historiography.

The exploitation of foreign labor, as well as of the economic resources of invaded and occupied countries in general, was also intended to provide German imperialism with the means to pursue enormous conquest objectives across the globe with disproportionately little economic potential of its own. As such a means, it was an indispensable part of the Blitzkrieg strategy.

This expansis e urge of imperialism was thus the root cause, the last ins tance for the forced labor of millions of foreign civilians and prisoners of war as well as concentration camp prisoners of all nationalities in Germany during the Second World War. Even in the sphere of influence of the US clo- nopolies and in the empire of British imperialism, an invention such as the forced exploitation of tens of thousands and hundreds of thousands of workers of foreign nationality was no exception, and it still exists in one form or another today. But it was only in Germany under fascist rule, and only during the war, that forced labor took on the inhuman traits we know and its unprecedented scope. Their special

85 Important thoughts on the nature of forced labor and the forced labor system see *Schmelzen, Janie,* Das hitlerlaschistische Zz-angsarbeitssystem und der anti-faschistische Widerstand skampl der a usländis chen Kriegsgelan genen und Deportierten (1939-1945), dargestellt unter besonderer Beachtung der IG-Farben- Betriebe im Bereich Halle-Merseburg, phil. Diss. Halle 1963.

86 For example, in the 6fold work by xnririzipiri, *Hans - Eckhardt,* Wirts chaf t unter Zwang, Cologne 1966.

87 For example, recently in Storno, *Edw'ard L.,* op. cit.

cifical form in the second \\'world war * was causally closely linked to German fascism and its victory - that is, to certain, specific forms of political rule in imperialism and in the general crisis of capitalism, to the state of war and martial law and to certain, ex- treme forms of state-monopoly capitalism.

The forms and methods of "employment", exploitation and discrimination of foreign forced laborers x from l93i) to li)fi5 in Germany were linked to the existence of *fascist* rule, fascist methods and the fascist apparatus of terror. They were themselves typically fascist lethods; they formed

'!eten a very important characteristic of fascism in its German form, the be-

'lutes, in its most pronounced, most dangerous form.

Furthermore, it was the *war* that made the application of these methods possible in the first place, not only insofar as it was only in the course of the war that other peoples came under the control of the German imperialists and could be deported, but also insofar as the ¥'lilitharization of all p-social life, including public opinion in their own country, and the law of war - in the way that the fascism of the Nazis was carried out, the s ollstiindige llilitarization of all p-social life, including public opinion in the eipen country and the law of war - as interpreted by the fascists - removed the last barriers to its application. The war also made forced labor a necessity for German 11onopoly capital in view of the discrepancy between its war aims and its \\'economic potential.

And yet a third factor of violence was necessary in order to operate forced labor on such a ladder: the unification of state power and e c o n o p o l y p o w e r into a single *state-monopoly* mechanism. The regime of "military conscription" for the \\'workers already existed in its first stages of development from the York War period. As in the f i r s t world war, its establishment was necessarily linked to the imperialist war economy. The forced laborers were included in this system, under unequal pressure and worsened conditions. It was expanded accordingly. Powerful institutions were set up to regulate the forcible conscription, transport, distribution and "care" o f the millions of forced laborers and to ensure that they were not exploited.

\\'resistance had to be broken in every form.

To complete a definition of forced labor, it is essential to determine the specific role of the lionopolies more precisely, since forced labor, like war and fascism, was ultimately the result of their rule. It was a characteristic of forced labor in the \Yelt War that it was predominantly induced forced labor in the Glen tian war economy. This means that

'lie \"erantwortunp- already for the elementary fact with the Jlonopolen that the fate of ÄJillion auslünc!isclier citizens was the deportation to the Reich and the work directly for the German armaments companies. The work in the occupied countries themselves, mostly also of a forced nature, also served far-

{The strengthening of the German i' riegsmaschirierie and enriched German 11onopolies directly in many cases; but on the whole, it probably had a lesser significance for the armament potential of German imperialism. In fact, there were x-different tenets in the ruling circles of Nazi Germany.

dencies and ¥contradictions with regard to the question of whether deportation or forced labor on the s p o t .<

The highly industrialized and highly monopolized state of the German \\'industry provided a decisive objective basis for the monopolies to decide on the comparatively more brutal variant of mass deportation to the Reich, which was costly and not without risk for them. Germany's large-scale industry, which was capable of production but not yet working at full capacity, and which was already highly geared to war production and the needs of the German war effort, was literally crying out for living labor and overtime.

The sources available so far provide sufficient concrete evidence of the openly criminal concept of deportation of the leading German monopolies, of their initiative and leading role in the mass deportation in all phases of the war.

However, a system of extreme wage slavery, such as the German monopolies set up and allowed to be set up, had to have an almost explosive contradiction inherent in it. The antagonism between the masses of the occupied, plundered countries, between the forced laborers and the imperialist German conquerors was irrevocable. The fascists d e p r i v e d the forced labourers **of** their freedom and civil rights, discriminated against and terrorized them and kept them at the level of the most primitive necessities of life in order to forestall any \viderstand. However, this did not allow them to recruit the army of labor they needed for modern war production. The production ratio of "slave labor" was historically outdated and doomed to failure as soon as it became a barbaric \\'reality. This form of exploitation **came** about **under** the conditions of highly developed capitalist production, which it had to contradict, at least in the long run, and which it already contradicted in various respects during the war.

The economic ones were inextricably linked to the political \\'contradictions. Just to hint at a fundamental political moment: the ideal situation for the 6lonopolies - discipline of the "workhouse", extra profits in colonial style, free and seemingly inexhaustible supply, often cost-free, state surveillance of the workforce - was only conceivable under a state of war, just like the attempts to establish a colonial republic in the occupied countries themselves, especially in Poland and the Soviet Union. Perpetual war and a state of war at home would have been necessary to maintain the regime of forced labor - or the extermination of the non-German peoples and thus their resistance. And Hitler and Himmler were generally consistent enough to recognize that this was not an alternative at all, but that they had no choice but to use

88 s. *Seeber, Eva,* Forced Laborers in the Fascist War Economy. Die Deportation und Ausbeutung polnischer Bürger unter besonderer Berücksichtigung der Lage der Arbeiter aus dem sogenannten Generalgouvernement (1939-1945), p. 106 ff., 130.

only one way to achieve their goals: war to the point of extermination. An end result that could not be satisfactory for the monopolies.89

The fundamental economic \\'contradictions of forced labor, which must have arisen from the abolition of the \\'barbarian character of labor and the prevalence of non-economic coercion, did not yet have a very clear effect due to the short time available to the German monopolies for their fascist experiment. After all, the disruption of production through sabotage, apart from its great political significance, was also a sign of the crisis-like eruption of economic contradictions. An army of millions of pariahs held down by force as industrial workers was not compatible with the requirements of the modern, highly complicated, disruption-sensitive industrial organism, in which one link was dependent on the other and one complicated and costly system of machinery and apparatus was closely intertwined with the other. Above all, it was not compatible with the rapid technical development of this organism, but had to cause a decline in the rate of development of productive forces; the millions of unskilled forced laborers, or those alienated from their profession or unaccustomed to industrial work in general, already represented a considerable reduction in the level of productive forces during the war years.

In another important respect, the establishment of forced labor in Germany was an expression of the monopolies' most concentrated domination. The fascists consciously attempted to grade the material misery, moral degradation and the quality of work, to set up a varied scale of treatment and discrimination, working conditions, pay and rations, graded down to the smallest detail, from the German heavy and skilled worker to the Jewish concentration camp prisoner and Soviet prisoner of war, in order to play the various classes and groups off against each other. In an extreme form, fascism thus corresponded to a general tendency of monopoly capitalism to segregate privileged strata of workers and other workers and thus divide the masses into several easily manipulated strata and groups. This was one of the most important, barely explored means of fascism and German finance capital in the class struggle.

The aforementioned graduated pyramid of exploitation was to be set up according to the war aims of German imperialism on a European and ultimately on a \\'global scale. Entire nations were to be its building blocks. But the model for such a pyramid was already being built within Germany during the war and fulfilled the important function of a
"inner colony".

89 see **also Introduction,** p. 9 f.

b) The development of the Z 'aiigsarbeilssystetti

Already at the beginning of 1939, many weeks before the invasion of Prague by the fascist U'ehrmach t and the complete destruction of the Czechoslovak Republic, the Yt'ehrmach t and the highest Reich authorities were engaged in intensive planning for the use of prisoners of war in the German armaments industry.

"The shortage of manpower compels us to deploy prisoners of war as extensively and expediently as possible," wrote Reich Economics Minister Funk to the OE\Y.> A subcommittee of the Reich Defense Council had already dealt with this problem on i7. A subcommittee of the Reich Defense Council had already dealt with this problem on January 7th and decided to draw up detailed guidelines for the accommodation, deployment and working conditions of prisoners of war, in which both agencies involved and the Reich Ministry of Labour wanted to work closely together. Corresponding drafts were already available at the end of **January**.*'

I n hlai, with the support of Funk, the labor companies requested *2000 additional workers for the mining industry, "and Kellermann92 emphasized that he had no doubt that these 22,000 workers would be available within a short time. The announcement t

of people from Czechoslovakia, from the front line fortifications and other construction workers had already begun"<. Czechoslovak workers - not prisoners of war, but civilian workers - were thus the first victims of the planned deportation of foreign workers to the Reich to work in the German armaments industry, and leading German slonopolies were both initiators and beneficiaries of these beginnings of the forced labor system in the Second World War.

The last meeting of the Reichsx'erteidigungsrat s before the victory, which took place on June 23, 1939 and was attended by the heads of the \\'ehrmacht, mer authorities and the Nazi Party under G öring's \"chairmanship, dealt primarily with the mler labor situation in the course of the war. Here, G öring gave Funk the official task of preparing the employment of prisoners of war, concentration camp prisoners and inmates of prisons and penitentiaries in the German war economy. In particular, however, he announced "that during the war, hundreds of thousands from the non-army industries in the protectorate are to be deployed in Germany, grouped together in barracks, under supervision, especially in agriculture."

90 Doc. EC-488, *IM T,* vol. 36, p. 547, **letter** from the **Plenipotentiary General for the (War) Economy** to the O Kfr, January 28, 1939.

9t cf. ibid. p. 545 ff.

92 Hermann Kellermann = Chairman of the Supervisory Board of the Rheimisch-Westfälisches Kohlensyndikat, Member of the Board of G utehodnungshütte Oberhausen AG (Haniel Group).

93 DWI, no. fi37fi, vol. 16, **minutes of the** meeting in the "small circle" on 2fi. 5. t939. S6 Doc. PS-3787, iM f', vol. 33, p. 152 fl., meeting report of the O1?W (WF'¥) on the ?.. Meeting of the Reich Defense Council on 23. 6. t939, v. t0. 7. l93iL

Despite these facts, Homze, the \'inventor of a book claiming to be a standard work, follows the general line of bour¡;erliclier apologetics when he undertakes to reduce the scope and significance of fascist planning in the field of forced labor and to negate the imperialist character of this planning and of forced labor itself. Only Hitler and, at best, t' ürin¡; (whom he in concrete I°all with Fuma x er'-ec1isel t) he makes responsible for \'orlierei t in 'nasty r I tung. The leadership of the \\'elirmac1it is too much of a burden for him. The Jlonopolies remain completely out of the game ¡ he doesn't e v e n ask the question of for'!ertingen and I nitia deep x on their side.°*

Forced labor in its first phase, until the spring-summer of 1940, coincided with the exploitation of almost exclusively Polish \"trafficked and prisoners of war (as well as other slave laborers). The figures give the following picture (up to 1941):

*Foreign **workers in** Germany*

Jaiir	1total	- i lii x'o ri (i ii 1' rozent) - in the land virility	in the industry **(with traffic)**
1939(31. 1Ini)	301	40	37 (42)
1940 "	1154	59	22(25)
1941 "	3033	48	32(3a)

Foreign workers thus accounted for the following share of the total number of agricultural and industrial workers in the Reich (in percent)°*:

Year	**Agriculture**	Industry
1939	1,1	1,0
1940	6,4	2,6
1941	13,6	0,5

After the defeat of Poland, the number of foreign workers quadrupled within a short time. All the Polish civilians and prisoners of war who were now forced to work in the Reich were channeled into the national economy.

From the beginning, the situation of the foreigners brought into the Reich was so different from the usual situation of seasonal agricultural workers that no comparison with earlier periods of 'German history holds. German fascism

9o s. *Homie, Eüu-ard L.,* op. c i t . p. 13 ff.

96 Nacii : *The Effects,* p. 206 (pre-war territorial status; including prisoners of war and German Jewish labor).

97 Ibid.

acted as victor and conqueror and put its boot on the necks of the \'oil cores in the occupied countries. In Poland, the German monopolies had appropriated the industrially developed territories of western Poland, especially eastern Upper Silesia, by annexation; now the \'veltlierrschaf tskonzeption of German imperialism was demonstrated in nuce on the Polish population.

By the summer of 19fi0, all the essential features of the system were in place, assigning Polish workers in the Reich a pariah status below that of colonial peoples. A rough analysis of the living and working conditions of Polish agricultural laborers, which we will f o c u s on here, must include the methods of recruitment, the level of subsistence and working conditions granted to them by law and collective agreements and - last but not least - the discrimination they experienced in all other areas of life in fascist Germany.

In the first weeks and months of the war, it was predominantly Polish prisoners of war who were assigned to work in the root crop harvest with the utmost acceleration in agriculture, especially the large estates. As was expressly and officially ordered, their manpower was to be "strained to the utmost."< 300,000 prisoners (70 to 80 percent of all Polish prisoners of war brought to Germany) were deployed in this way in work detachments "often within just a few days of their arrival".<

\As the fascist authorities boasted, they had "succeeded in deploying the vast majority of Polish prisoners of war to harvest root crops in good time, especially in the eastern and central German regions, despite the fact t h a t t h e season was already very advanced by the time most of the prisoners of war arrived".

The ratio of prisoner labor in agriculture and forestry to that in the industrial economy did not change until the summer of 1940. By July, the picture had already shifted considerably. Previously, 90 to 95 percent of prisoners of war had b e e n deployed in agriculture. Now, as increasing numbers of French prisoners of war were deployed as laborers, this proportion fell rapidly

from101-

98 *RABI.* 1940 I p. 386, July 25, 1940, **"Deployment** of prisoners of war in workplaces", decree of the Reich Minister of Labor.

99 *Hölk,* The use of prisoners of war in workplaces, in : *RABI.* 1940 V P. 354, July 25, 1940.

100 Ibid. - An article from mid-October 1939 spoke of "already about 110,000 prisoners" who had been sent to German agriculture *[Rechner,* Arbeitseinsatz und Arbeitseinsatzverwaltung in den besetzten Ge- bieten, in : *RABI.* 1939 I I p. 370, Oct. 15, 1939). At the beginning of Nov. 1939, the number was approaching 200,000 *[Timm,* Der Arbeitseinsatz in der Landwirtschaft im ersten Krieg- i-hr, in : *R ABI.* 1941 V p. 7, Jan. 5, 1941).

101 Figures according to *Hölh-,* a. a. 0. (cf. also the decree of the RAM iiber d. ,.Einsatz von Kriegs- prisoners in workplaces", *R AB 1.* 19i0 1 p. 384 ff., 2ö. 7. 1940) ; *R ABI.* 1941 1" p. 257 ; see also flomze, *Edii-ord L.,* op. cit. p. 37.

Work of Nriegsge/ongenen
in Lztnd ***'irtscW/t*** tind *$ewerblither ll'irtscha[t*

	April	19fi0July	19fi0January 19fi1
Agriculture (incl. forestry)	9fi	65	52
Commercial economy	6	35	48

This development was by no means due to a change in ministerial policy, but was clearly d u e to the increased initiative of the $onopolies, who no longer wanted to stand back in favor of agriculture. Even before the end of the campaign in the \\'esten, the Salzdetfurth-i'i onzern was preparing to shadow French prisoners of war. "The first transports of prisoners of war from France," wrote Director Elingspor to one of the Group companies, "are to contain a large proportion of high-quality labor. It should be considered whether, with the approval or even the support of the labor office, a selection of people could be made at the nearest prisoner collection camp. "*°2 At about the same time, the Reichsgru p I ndustrie made an effort to ensure that more prisoners of war were assigned to industry: "The continuing difficulties in the field of labor deployment have led to multiple negotiations with the RAM, especially on the issues of labor deployment and deployment of prisoners of war.

x of prisoners of war. An increased allocation of prisoners of war can be expected. "[103]

The fascist authorities set u p an official apparatus for the "procurement" of civilian workers in Poland immediately after the fighting. ln the Upper Silesian district, the first ten "labor offices" were already set up in the first week of the war. By the end of September, 70 and by mid-October 115 such offices had been set up in Poland. This meant that the fascist registration organization had been set up and created "almost completely".10* According to the official

The introduction of compulsory work for all Poles aged 18 to 60 on October 26, 1939 was immediately followed by the first mass transports of Polish workers to the Reich.[105]

Using the most diverse means of violence and economic pressure, and initially also a lot of lying persuasion, the Polish citizens were

'lie Ä'iehwagon transports pressed. The lift for Poles in the Generalgouvernement

102 BA Mansfeld, no. fi80, vol. 2, Walter Klingspor, member of the board of the Salzdetfurth Group, to the Kupfergesellschaf t, June 21, 1940.

103 Activity report of the Reichsgruppe I ndustrie (Chief Executive **Karl** G uth), 15. 7. 1940, DZA/FS, Wehrwirtschafts- und Rüstungsamt des OHW, Film Nr. 2327.

10fi *nathner,* op. cit. p. 372.

10ö *Seeber, Eva, o p .* cit., p. 115. - Before that, at the end of September, "several trains of migrant agricultural workers from the old recruitment areas for Polish seasonal workers had been directed to the various areas of need." *[Rechner,* op. cit, S. 372).

was soon set up in such a way that work in the Reich appeared to be the "only way out", "to escape the certainty of hunger in the Polish Reserx'oir".

The collective bargaining and labor law standards for Polish workers were first laid down in detail for agriculture in the "Reich Tariff Regulations for Polish Agricultural Workers" of January 8, i P40 and its supplementsl07. The "Tariff Regulations for Agricultural Enterprises in the Reichsgau Danzig-\Yest Prussia (Agricultural Workers)" of 25 ff ai 1940* was based entirely on the rates for non-German workers in the aforementioned Reich Collective Agreement and can also be representative of others. It showed significant differences in the remuneration and labor law treatment of German and non-German workers (own calculation):

Tani{cätze {'un foreigner in percent *of Tani{salz for Germans*	
1. **Cash wage** (monthly wage) **for employees (married workers with a 3-year *contract*** and a predominant part of the workload)	6175 70-80
2. Deputation for Instmiinner	
3. cash wages (hourly wage) for stiinrlige Freelancer	72-75
4. Cash wages (hourly wage) for non-permanent Freelancer	50-85
ɔ. Cash wage (hourly wage) for wives	03-70
6. cash wages (elonate wages, summer) for unmarried male slonatslöhner	cn. 50
7. cash salary (monthly salary, summer) for unmarried **female** monthly wage earners	*8-61
8. wage supplements for **overtime, work** Sundays and public holidays, allowances	approx. 40
0. br!aub (adults)	66,6'

" **From March** 194 l onwards, Poland was prohibited from traveling home for the first time (cf. *H ADI.* 1941 I p. 143 fl., 195).

All non-German workers were treated as agricultural laborers. The wives were, in contrast to those of the German workers, "fundamentally obliged to do manual labor". In addition, the final paragraph (§ 27) read: " More favorable working conditions existing for members of the German workforce may not be hindered on the grounds of these collective bargaining regulations."

106 *Seeber, Eva, op.* cit. p. 106.

107 *RA13l.* 1940 IV p. 38f., 211, 727, 1338 f. In more detail on the topic dealt with here *l'Vunderlitli, Fnieda,* Farm I-abor in Germany 1810-1945, Princeton, *N 3.* 1961, p. 247 If. In ifomze, *Edwar'l L.,* op. cit., there is no mention of these incisive provisions.

108 *R ABI.* 1940 IV p. 615 fl.

A particular **pitfall** lay in the fact that, of the positions listed, it was precisely those with the most unfavorable status for the Poles, Hie the usual, most common status.
The positions of the Polish forced laborers, i.e. apart from positions 8 and 9, corresponded above all to positions 6 and 7, and in some cases also to position *5.*
The aim of an East Prussian wage regulation for non-German workers of 15 May 1940 was to reduce the wages and vacations of Polish workers to 0, even 40 percent and below, to cut their benefits in kind and to make them work less than the Germans. These were the wage regulations for foreign workers in those northern areas of Poland that had been incorporated into the "Reichsgau" of East Prussia. It applied not only to deported forced laborers, but also to the indoctrination of the local population.** The outlines of the extreme policy pursued later in the Soviet Union by Erich Koch - then head of the government and chief president in East Prussia - c o u l d already be seen here.
I n industry, there was no separate wage scale for Polish forced laborers; probably not for the simple reason that the ¥'iel number of industrial tariffs and wage scales would have c a u s e d too many inconveniences and difficulties for the authorities and the economy. Instead, the so-called social compensation levy was created, which was possibly even more characteristic of the fascist forced labor system.
I n the spring of 1940, the Reichstreuhü nder der Arbeit initially took on the task of issuing preliminary labor law regulations for Polish workers in their area. \\'During this experimental stage, the central \'er- ordinances were prepared. What they contained h a d already been practiced in all essential points by the "l'reuli founders for some time when they appeared. These were, above all, the "Ordinance on the levying of a social equalization levy" of August 1940 with the implementation ordinance of August 10*** and, finally, the comprehensive "Ordinance on the treatment of Polish e m p l o y e e s under labour law" of October 941***.
According to the August 1940 ordinances, le percent of the wages of Polish workers had to be paid to the state as a social equalization levy. This taxation; had already been provided for by orders of the Reichstreulainder in spring 1940 at the latest.**3 It was essentially a first, albeit x-capped,

109 *RABI.* 1940 IV p. ^82 If.
110 The comparable tariffs for Dcutsche see in *Bl ABI.* 1939 V I p. 189 ff. ("Tarifordnung für die landwirtschaf tl. Betriebe im Wirtschaf tsgebiet Ostpreussen", dated February 21, 1939). Similar assessments and calculations made by *Wundert ich* (op. cit., p. 248) are not always accurate: "Wage rates were 10 to 20 per cent lower than those for German workers ... Hours of work were similar to those in rules for German workers."
111 *RGBI.* 1940 I p. 1077 and 1094 ff.
112 *RABI.* 1941 I p. 448fl.
113 cf. *Jonas, Wolfgang,* op. cit., p. 452 ; also *P **fahlmann,** Hans,* Fremdarbeiter und K riegsgefangene in der deutschen Ii riegswirtschaft 1939-1945, Darmstadt 1968, p. 166.

This was a racially and chauvinistically "justified" war contribution of enormous proportions, which was imposed on the Polish people and with which the fascist regime directly financed its war. The fixed rate of 5 % hit the lowest, lowest-paid groups of workers the hardest and amounted to almost 200% of the wage tax (without war surcharge) for these groups.*** The decree of August 5, like the implementing decree, appeared without commentary, with a few laconic paragraphs. A year later, the official publications and commentaries already spoke quite openly, extensively and with the greatest naturalness about the "minimum position of the Poles".

The fact that, except in agriculture, the same collectively agreed and company wages applied to Polish workers as to German workers was only acceptable because of the existence of the social equalization levy. Irrespective of this, it was essential to that the Pole would only ever be paid the lowest rates of pay customary in the company for his respective activity. In the given case "reduced performance clauses" are defined and put into effect.***

The total discrimination of Polish workers in the Reich - an outgrowth of the fascist-imperialist ideology and the war and victory hysteria of the ruling circles - began with the arrival of the first major transports of civilian Polish workers. The fascist authorities and party offices immediately extended the degrading system, which had already had a legislative foundation in the Reich tariff regulations since the beginning of 1940, to the other living conditions of the Polish people. Initially, the local and regional offices that dealt with the distribution and political supervision of the arrivals were particularly hard hit. For their areas of iYlacht, some of them had already imposed such generally late-introduced harassment and harassment as the personal identification of Poles by a widely visible sign on their clothing, such as the ban on going to cinemas, theaters and restaurants.*** The sophisticated system of discrimination and oppression was part of the state-monopoly mechanism of rule. I nterest identity prevailed between the monopolies and the state and party authorities. Their interplay was perfected. "The Eisleben factories," the heads of the Salzdetfurth Group agreed among themselves, "are on the same page with the Poles as far as their

114 Examples of the effects on the wages of Polish forced laborers at Ses6er, Pro, op. cit. p. 182.

115 Thus *Kiippers, H.,* Die Stellung des Polen im Arbeitsleben, in : *R ABI.* 1941 V P. 533.

116 In the meantime, the aforementioned order of Oct. 5, 1941 had also been issued, which clearly testified to the increase in barbarism that was associated with the invasion of the Soviet Union and the first, supposedly already decisive successes of this campaign. Nevertheless, this comprehensive codification of the fascist crimes against the Polish forced laborers had already been handled in its essential features for a year and less by the Reich trustees by means of their own decrees.

117 -. *Seeber, Evo,* op. cit. p. i54 f.

work performance. However, when it came to accommodation and supervision, we encountered considerable resistance, as some of the people considered themselves to be of German ethnic origin. We left it to the Gestapo and the D AF to determine this. "**

As the spring harvest approached in 19fi0 and at the same time the requirements of the ¥\"ehrmacht for manpower for the planned campaigns in the north and \\'esten grew by leaps and bounds, a veritable run on foreign workers set in. The number of Polish civilian workers transported to Germany now increased many times over. In three intermonths in 1939/40, around 250,000,000 Poles were deported to the Reich, while from ñliirz his tIai 19fi0 over 250,000,000 were deported.

Now H immlcr took over the I urisdiction over the evacuated workers and their political surveillance. Authorized to do so by G öring on 7 March 19fi0, he immediately issued a series of decrees and directives that essentially created the official system of total discrimination that had existed since the end of the war and was only occasionally tightened in various provisions. Poles and the German population were forbidden all social i n t e r c o u r s e , all human contact; all Poles wore the "P" badge on their clothing; they were not allowed to leave their place of work without permission and were forbidden to go out in the evenings and at night; they were forbidden to visit German public places and entertainment venues of all kinds, all cultural events and church services, and the free use of public transport and bicycles. Draconian penalties were threatened:

"Casual" work was to result in "forced labor in a concentration camp"; sexual relations with Germans were punishable by death.*** This system already contained elements of the final consequence of the fascist \\'eltherarchy plans and D'eltherarchy ideology, the extermination strategy mentioned at the beginning. The tactics imposed on the fascists by economic necessity (and the demands of the monopolies and large landowners) contradicted this strategy in many respects. The mass deployment of "racially inferior" foreigners in agriculture, for example, devalued the entire "blood and soil" ideology of the Nazis and "was in strange contradiction to the National Socialist tenet of the elevated status of the tiller of İhe soil." Farm work fell sharply in its social evaluation, especially by the farmers and the rural youth themselves, despite opposing propa- gandist efforts, which also had a sensitive effect on its "colonization" ideology.

joyfulness.[121]

118 BA Manafeld, No. 5fi2, letter from Walter **Klingspor**, member of the board of directors, **to** Rudolf Stahl, chairman of the board of directors, February 13, 1940.

119 see *Ruzihzki, Wladyslaw,* **Położenie** robotników **polskich** w czasie iny 1939 -iíllF', Poznan i '17'tl, p. :lJs ff. (¥ treks 11). *Seeben, Eva, op. cit. 0,* 154 ü., 161If.

120 *Wunderlich, Frieda,* op. cit. p. 3fi8.

I ndustry initially lagged behind agriculture in terms of the number of employees. I mmerliin g figures show the following bi1'l*2*:

Foreign labor force i n German industry (pre-war area starid ,- in 1000)

Year	Civil worker	thereof male	female	Prisoners of war	Together
1939,31.Mni	10?	87	19	-	105 (110)
1940, "	23G	213	23	29	265 (256)
1941, "	644	5'9	85	367	1011 (965)

Distribution of foreign workers in the most heavily occupied areas of *Ireland (boundaries from **1937** -, 1000) in*

Branch of industry	1939	1940	1941
Construction industry	37	94	276
Mining	13	32	93
Stones and earth	12	2r"a	58
Textile industry	7	12	41
Chemical industry	4	9	51
Electrical industry	4	6	36
Machinery, steel and **Aircraft construction**	-	20	144

Of all the armaments monopolies about which more detailed investigations are available, it is known that just a few \\ weeks after the start of the war they reported demands for foreign labor, especially for prisoners of war, employed the first (Polish) forced laborers*23 and with pris-ateii "\\ heritage ac tions" began. On September 12, 1939, the metal ore mining trade group sent out a circular requesting companies to register their need for Polish prisoners of war.124 This earliest date known to research to date is probably not an isolated case. Mansfeldscher K upfer- sehieferbergbau AG (Salzdetfurth Group) then issued its first request for prisoners of war.
'teration on September 25.*>

121 cf. ibid. p. 350.

122 According to: lYogen/ühr, *Rolf,* Industry, p. 15W156. The slightly different figures from *The Effetts, p*. 206, are shown in brackets.

123 For example, Friedrich Flick, who received Polish prisoners of war **for** his I'ionzern as early as **mid-October 1939** (see *Drobistli, Iv "Iatis,* Flick und die Nazis, in : ZfG, H. 3/1966, p. **391f.**).

12fi s. BA ßlansfeld, no. fi80, vol. 2, letter from 6lansfeldscher Kupferschieferbergbau AG to the Fachq-gruppe Met allerzbergbau, 16. 9. 1939.

t25 Ibid., letter to the specialist group, September 25**, 1939.**

The pace of work of the fascist "labor deployment" authorities generally did not satisfy the monopolies. Another company from the same group sent a reminder to the employment office: *"Subject: Placement of National Poles.* Enclosed you will receive four copies of the questionnaires sent to us and we kindly ask you to speed up the process so that we can complete our
\\ applicants to the locations concerned as soon as possible "*>.
For the very first phase of forced labor, the invalidity and falsehood of the thesis that the masters of industry had been forced by the fascist state to employ foreign workers is thus documented.* Even official decrees speak clearly about this. For example, the Reich Minister of Labour condemned the recruitment of foreign workers for industry by "companies, organizational representatives and other agencies" as strongly as possible and postulated that the recruitment of these workers should only be carried out by his offices, but their allocation "in future must be carried out exclusively centrally by me in the Reich compensation system".'>.
lthough in the first period of the war the majority of prisoners of war and civilian forced laborers, especially Polish ones, were nevertheless directed into German agriculture, there were various important reasons for this.
In percentage terms, more male workers had been drafted into the armed forces from agriculture than from industry*>, and the particular structure of agricultural production and ownership made the labor shortage particularly noticeable. Especially during the harvest season, important agricultural areas of the empire had always b e e n dependent on additional workers and were prepared for them.*
(Moreover, the agricultural industry had been excellently equipped and organized as a state monopoly for years, so that it was fully capable of taking up the fight for forced labourers, especially for the highly profitable employment of prisoners of war, from the very first weeks of the war. In the "Reichsnährstands" organization, the leading, large-scale agricultural circles had at their disposal their old, traditional, seasonal and "foreign workers" organization.
problem, as well as in the Ministry of the Reich.
for Food and Agriculture and in its offshoots, for example in the government of the Generalgouvernement.[31] The success of agriculture, especially of the

126 Ibid., letter from **Kurhessischer** Kupferschieferbergbau GmbH to the Hersfeld employment office, November 9, 1939.
127 Thus *Kannapin, Hans-Eckhardt, op. cit.* ; see also *Seeber, Eva,* op. cit., p. 50.
128 *RABI.* 1940 I p. 383, "Deployment of foreign industrial workers", decree of July 10, 1960.
129 At an industrial consultation with General Thomas on January 9, l9fi1, the agricultural representative present there, v. Zitzewitz-Muttrin, spoke of the fact that "at least 30 percent of the permanent workforce on average and fi0-fi5 percent of the male workforce" had been conscripted (Doc. PS-1456, Case XI, ADB 122 A, Bespr.-protok., DZA Potsdam, Case XI, No. fi15, Bl. lfi0).
130 cf. *Melzer, Rolf,* op. cit. passim.

The large-scale land ownership spoke for itself: "The numerical replacement of the confiscations (for the
\\'ehrmacht - D. E.) has generally been achieved through prisoners of war, Poles who have since been promoted to free laborers and other foreigners. Prisoners completely dominated the agricultural scene. I n many farms, German is no longer spoken in the fields, often also in the stables. "*32 One of the most important reasons for the initially relatively slow increase in the number of foreign workers in industry was the lack of a state monopolistic apparatus that could be used for this p u r p o s e , as it e x i s t e d in the agricultural sector. The early, unorganized demands of the armaments monopolies for the allocation of foreign workers, the "wild" \\'labor actions by the leading corporations in the occupied countries (only the large corporations could a f f o r d this method to any significant extent), and also the preference for prisoners of war (who could be " obtained" directly through the OMC*) were explained in the first phase, as well as their overall relatively low effect, primarily by the contradiction between the large and growing demand of industry for additional and cheap foreign labor and the insufficient state monopolistic àíibilities to procure it. The arm of the inf onopolies was not yet long enough in this respect. In early 19fi1, the board of directors of Maximilianshütte in Sulzbach-Rosenberg, one of the main plants of the Flick Group, c o m p l a i n e d : "At present, the situation is such that the labor offices can withdraw prisoners from the iron and steel industry at any time for urgent agricultural work. "*.

The armaments monopolies pushed for public regulation of the allocation of forced laborers, especially for industry. I t was not least this insistence that manifested itself in such new state-monopoly bodies as the Reich Office for I ndustrial Expansion (December 1939), the Reich Ministry of Armaments and Munitions (February 19fi0) and the Reich Coal Association (March l9fi1).

131 **For the** activities of **State Secretary Backe** and **others in this regard, see** *Mølzer* ItoJ/, op. cit. p. 176 d. The fact that battles over the Polish **forced labourers, especially the prisoners of war, were** actually fought **out early on between the** agricultural sector and **other branches** and **organizations of the economy** can be **inferred from the exchange of letters between Herbert** v. **Dirksen** (as a landowner) and **a** Frh. v. **Wangenheim** in the **spring of** 19fi0 : "You have probably heard that **they** were - or still are - about **to** pull **out the Polish prisoners of war, at least here in Silesia,** and **replace them with civilian migrant workers.** Good luck **Fortunately,** the danger that **these trained** helpers will be taken away from us seems to **have been eliminated." (v. Dirksen to v. Wangenheim, ł. April** 19fi0, DZA Potsdam, Dirksen estate, no. 10, BI. 486, fi86 v.).

132 **Minutes of the meeting of the Industrial Advisory Board with General** Thomas of 9. Jan. 19fi1 (v. Zitzewitz-Muttrin), Doc. PS-ł456, Case XI, ADB ł22 A, DZA Potsdam, Case XI, No. fi15, BI. 1fi0 f.

133 żfoiriøe (a. a. 0., p. fi8) generally confirms that the large companies up to 19fi2 were often "at-**tempted to by** pass the locallabor **oíficea and negotiated directly** wàth **the Army for laboz-'"**

13t **Memo of lfi. March** 19fił, doc. NI-328, barrel Y, printed in : *Fab ö, ø ø. 0.,* p. 181.

War economy
Difficulties and results 1939/40.
The first phase
of the restructuring of the state monopoly apparatus

1. Difficulties and failures of economic mobilization

During the war against Poland, despite some noticeable changes, the German war economy initially experienced relatively few difficulties, so few that the detailed mobilization plans, the "Mob. books" and "Mob. F alender" of the "Plenipotentiary General for the ¥\ ir Economy", the Reich Minister of Economics Funk, remained factual printed paper and even later publicly spoke and wrote of a "peace-similar iiriegswirtschaft".* Only from October/Nox-ember, when the "decisive blow" was struck in the shortest possible time in the
\Yesten, the fundamental ¥\ contradiction between the growing and insatiable hunger of the fascist war of plunder for productive iiräften, for people and material, and the inability to mobilize sufficient forces and resources, became more apparent.
The most significant problems facing the ¥\'economy after the outbreak of war were the withdrawal of workers due to conscription into the U'ehrmacht and the abrupt end of foreign trade relations with the enemy states and, to a large extent, overseas.
The approximately ten percent reduction in the industrial labor force was felt above all in the consumer goods industries, but also in the manufacturing industry and even in some branches of the actual armaments industry (foundry and electrical industries). (see table)
Of course, the withdrawal of the labor force did not occur from one day to the next within the relatively large reporting period, but the start of the war was the decisive turning point. During the very short duration of the war in Poland, however, it did not yet have any effect on the equipment and supplies of the Fascist Y\'rm forces, which had started their first campaign in the is'eserite from the
stocks could and did lead to this. 2 Similarly, the ¥\ economy initially lived from
the operational and central \f ories of such raw materials, from whose supply it had been completely or partially cut off since the beginning of the war.

1 **s.** Funk's **speech** in Vienna, Oct. 14, 1939, in : *Deutschlarul im Komp{,* a. a. 0., Oct. 1. **lieferung** 1939, p. 63 ; see also *Der deutsche Volkswirt, 5g.* 1939/40, No. 6, Nov. 10, 1939, P. 1G3, **editorial "Peaceful war economy".**

2 "The **Polish campaign did not** yet **pose a challenge** to the military's economic performance.

Outflow of *labor'*
between May 31, 1939 and May 31 /Pd#3

	Decrease in the number of employees in million	in percent
Entire economy	3,4	8,6
Industry	1,0	8,8
of which basic steel industry	0,08	3,4
Furnishing industry	(-[-0,12)	(-I- 3,1)
Construction industry	0,35	24,8
other process. Ind.	0,64	17,8
Agriculture	0,5	4,7
Craft	1,1	20,7
Trade, banks, insurance companies	0,5	14, i

' Calculated **including foreign workers.**

The "Strange War" of the \\'Eastern Powers against Hitler's Germany, which lasted over eight months, also left German imperialism virtually unaffected militarily and also gave it a respite economically. The French and British big bourgeoisie took their double game so far that they gave the German armaments monopolies considerable economic ¥'advantages. Throughout the entire period, they paid the lion's share of the patent fees due to Germany and in this way played large sums of foreign currency into German hands. The Reich Ministry of Economics found itself in a p o s i t i o n to secretly revoke a decree of October 11, 1939, according to which patent fees were no longer to be paid in the enemy country and German patent rights were thus to be exposed to extinction. On March 5, 1940, a joint meeting of the "Small Committee" for foreign trade issues at the Reich Chamber of Commerce, which only included a very select group of specialists from the authorities and hlonopolies, d e a l t with the problem. "After it became clearer," it was stated in the results report of the meeting*, "that England (up to about 60 /) and

special sample. It could easily have been carried out from the available **supplies**." (Doc. N I-oti67-G, secret memorandum by Colonel i. G. Beutler "Yom Wehrwirtschafts- und Rüstungsanlt zum Wehrwirts chaftsstab", May 26, 1943, Case XI, ADR 118 A, DZA Potsdam, Case XI, No. 403, Bl. 87). See also *Halder,* Certerof- ohersf *(Franz),* Kriegstagebuch. Tägliche Aufzeichnungen des Chefs des Generalstabes des Heeres 1939-1942, hsg. v. .Arbeitskreis f. Wehrforschung, Stuttgart (hereafter: *Halder,* KTB) vol. 1, Stuttgart 1962, p. 83 (**September** 22, 1939).

3 Calculated according to: *Wagenführ, Rolf,* Ind ustry, p. 139 f. Overall, the increase in the number of *German* workers was greater than the number of foreign workers added during the reporting period (0.9 6Ii11ions, of which 160,000 were in industry and 570,000 in agriculture; see **chapter** II).

4 DWI, No. 6474, vol. t. - The "Small Committee" consisted of former State Secretary Trendelenburg (head) and a representative of the Reichswirtschaf ts- und Reichs-

France (up to about 80°/t) pay their patent fees in Germany, the German position has been adapted to the new situation. It is envisaged that the fees for about 50*/ of the patent rights to which German nationals are entitled will be paid in enemy countries. A complete non-payment of fees entails the danger that the enemy side, for its part, will stop paying fees to Germany. There is a de facto tacit agreement between Germany and France in the patent field to treat each other as patentees during the war."

At the end of September l93ß, the ¥\'ehrmacht began preparations for an advance in the \\'east, which should be completed in a few weeks.[5] The demands,

The demands they placed on the war economy were such that Thomas declared to Halder as early as September 29 that the "demands of the three \\'ehrmachtsteile (went) far beyond what could be achieved. "* The new phase of the war became the first serious test of the German war economy's capabilities. The critical points of the German economy immediately became apparent.

\\\'s economic and armaments potential. It also proved how inadequate the previous form of state monopoly was for the purpose of the imperialist predatory war, which was expanding step by step.

First of all, there was the increasing shortage of workers. For example, after the start of the war, the employment office was supposed to supply a single rearmament plant, the K ruppschen G rusonwerk in Magdeburg, with 7,700 additional workers "according to a schedule set out in Floh-Kalender 1938 Part 2 Sheet 3195". Instead, not even the gaps created by the call-ups were filled. I t was a similar situation for "other large factories in central Germany "*. At the beginning of December 1939, Thomas summed up the situation as follows: "I t has not yet been possible for the most part to fully utilize the I ndustrial Union plants by employing a second and third shift due to a shortage of workers." The shortage of skilled workers, which was already very noticeable before the war, became particularly acute.

Ministry of Justice, the OKW and the Foreign Office, a representative of the Reichsgruppe Industrie and H. J. Abs (Deutsche Bank), August v. Knieriem (IG-Farben) and KaFl Lindemann (Norddt. Lloyd/Hapag).

5 cf. H alder's notes on Hitler's meeting with v. Brauchitsch and Halder on Sept. 27, 1939 (?fnfder, KTB, vol. i, p. 86 ff., bsd. 89 f.).

6 ?fafdrr, KTB, vol. 1, p. 93.

7 Doc. N I K-11178, vertraul. Report from the management of Fried. i(rupp Grusonwerk AG to Glen Aufsichtsrat, Feb. 19, 1940, Case X, A D B 8, DZA/FS, Krupp-Prozeß, Film No. 422.

8 Doc. PS- 1456, Thomas' lecture note: "Proposals for an accelerated increase in production", Dec. 5, 1939, Case X I, .t D B 122 A, DZA Potsdam, Case XI, No. fi15, p. 26fi. Pieces from this document - around 2o0 pages of presumably the most important documents compiled from Thomas' hand files as appendices for the Eriegstagebuch des \Yehmvirtschafts- und Rüstungsamts - are quoted in the following n tirmehr under: *14ü6- P S.*

workers. This time, the \\'inter did not bring any relief to the labor market, as in previous years.

Then, the demand for armaments materials increased along with the demand for raw materials for war production. Iron shortages caused the first cutbacks in the high-powered new armaments programs (munitions, bombs, explosives, etc.). In November 1939, Carl Krauch demanded higher iron quotas for his pulse and explosives plan and for gas production in order to build up and expand the necessary production facilities. Although "the new ammunition program was generally recognized as the most urgent demand of the General Staff", Thomas had to declare: "An increase in the iron and steel quotas for the consumption plan is not feasible. The 0H\\' has no more reserves, and it is impossible to get anything more out of industry. "*0

A short time later, the \\ \\ ehrmacli t raised additional raw material demands of 5-10 percent of the monthly rates for iron and steel, copper, aluminum, lead and nickel for the beginning of the new year and for December 1939." In February 1940, Thomas Keitel reported flatly "that the new raw material requirements of the \Ve1irmach tteile could not be met if the war was to be waged in 1941. "** Both agreed "that these I deal figures could not be demanded x'om the Reich Minister of Economics, but that on the other hand, higher numbers must be demanded, as in the first quarter of 1940. "13

The subsequently agreed (reduced) material requirements of the 0 K\\' to the Reich Ministry of Economics for the 2nd and 3rd quarters of 1940'* amounted to:

Steel	1100000t/ä'tonat	(previo usly	924000 t)
Copper	16000"	("	13000t)
Lead	15000"	("	10700t)
Tin	**500"**	("	290t)
Nickel	600t/month	(previo usly	535 t)
Aluminum	**18000"**	("	15700t)
Molybdenum	250"		

Funk immediately declared that he c o n s i d e r e d "the fulfillment of the raw material requests sent for the I I and I I L (j tiartal) to be completely hopeless".>

9 **s. Thomas' note on "Work assignment meeting"** with **State Secretary Syrup, 10 Feb. 19fi0,** ***1450- PS,*** p. 237.

10 File note about a meeting with **Thomas on** Nov. **17, 1939** about "Increase in iron and steel quotas for the implementation of the Krauch plan", Nov. 21, **1939,** Doc. NI-7570, Case VI, ADB 25, DZA/FS, IG-Farben-Prozeß, Film Nr. fi lfi.

11 Thomas' **lecture note** : "Proposals …", Dec. 5, **1939,** *1450- PS,* p. 265.

12 Thomas' file note concerning the **lecture** at Ileitel, Feb. 3, 19fi0, *1450- PS,* p. 2fi0.

13 Ibid. In the quotation it should read "towards the first quarter of 19fi0".

14 Keitel to Funk, Feb. 3, **1940,** ***145ä-*** *PS,* Bl. 2fi1.

15 **Lecture note** b y Thomas concerning h i s **lecture** at Iveite1 on Feb. 7 , 19 -0, Feb. 8 , 10*-0, *1450- PS,* BI. 239.

The "rubber bottleneck" limited the capacity of the motor vehicle industry to such an extent that, according to Halder's calculations, the motorization level of the army had to suffer severely in a short time, even without combat (!).*6

Finally, at the end of 1939/beginning of 1940, transportation, especially railroad traffic, suffered constantly from serious bottlenecks, which were repeatedly apostrophized as "the core problem of today's economy "17 · As early as November 1

Halter noted: "Iron balinese fullness; last strength extracted. (Damaged wagons, distortion, nervousness). "18 At the beginning of December, Thomas spoke of "calls for help from all parts of the Reich. "*9 The Vereiniqte S tahlwerke alone reported a backlog o f 150,000 tons of semi-finished products to be removed; this corresponded to the weight of a whole month's supply of steel for the production of ammunition.

Experts were unanimous in citing the Reichsbahn's completely inadequate level of equipment, its low and l a r g e l y outdated stock of locomotives and freight cars as the main cause. "In practice, t h e r e i s a shortage of 10-15 percent of locomotives and about 10 percent of freight cars.

cent. ... The deficit in goods vehicles is at least 140-150,000 ...".21

Thomas admitted that "in many cases a switch back from armaments to Reichsbahn deliveries was necessary" - but probably not feasible,22

It was therefore basically another sign of the weakness of the

'!eutschen \\'irtschaftspotential.

16 *s. !!alder,* XTB, vol. 1, p. 179 ff. (3rd and 4th F-ebr. 1940).

17 Lecture note by Thomas : **"Proposals …"**, Dec. 5, 1939, *1466- PS,* BI. 263 ; see also other pieces, ibid., pp. 259, 222 ff.

18 ?fafder, KTB, vol. 1, p. 116.

19 Thomas' lecture note : **"Proposals** ...", Dec. 5, 1939, *1466- PS,* p. 262. **See** also Doc. NI-7570, file note on a meeting with Thomas on Nov. 17, 1939,
of Nov. 21, 1939, Case VI, ADB 25, DZA/FS, IG-Farben-Prozeß, Film No. fi lfi (bsd. d. d. Ausführungen Krauchs).

20 *s. 1466- PS,* p. 262 - Göring (!) had **already authorized** the authorities to **prescribe *certain* means** and **routes of transport in an "Ordinance** to combat emergencies in transport" *(RGBI.* 1939 I p. 1851) on 19 September 1939 and to **impose the resulting additional costs on the owners of the transported goods. The problems described in an otherwise informative work lYtltner, *?ftins,* Der Einsatz der Eisenbahnen für die verbrecherischen Ziele des faschistischen deutschen Imperialismus im zweiten Weltkrieg,** Diss. Hochsch. **f. Verkehrswesens, Dresden** 1961,
p. 115; derssfbe, Die Rolle **des faschistischen Verkehrswesens in der ersten Periode** des **zweiten Weltkrieges. Part** 2: The German Reichsbahn 1939-19fi5, in : Bulletin des **Arbeitskreises "Zweiter Weltkrieg",** H. 2/1966, p . 71f.

21 Minutes **of a meeting of** the **Defense Industry** and **Armaments Office with leading** representatives of the monopolies on the transport problem on 16 Feb. 19fi0, *1466- PS,* p. 223f. **(Hermann Waibel,** IG-Farben).

22 Ibid., p. 226.

2. The first phase of restructuring in the state monopoly apparatus

a} The end of the "Generolbevollmöchligten {'ur die WirIschafI". The Reichsaml for Wirlscho{lsausbou

In the early years, the so-called Reich Defense Council, which had been created by the Hitler government on April 4, 1933, was chaired by Hitler and, as his deputy, Reichswehr Minister v. Blomberg, and included all cabinet members who were directly responsible for preparing for war, including the Reich Minister of Economics. From the outset, he was given "the task of making economic preparations for the war effort. "** With the (first) Reich Defense Act of 21 lai 1935, he - Schacht at the time - was given significant powers in this function and the title "General Plenipotentiary for the War Economy".

After the revival in the leadership of the \1'ehrmacht, the Reichswirtscliafts-Ministry and the Four-Year Plan in the spring and summer of 1938, the Reich Defense Council was newly formed. The chairman (deputizing for Hitler) was not Keitel, but Göring.2* Funk, who had already been appointed Reich Minister of Defence at Göring's instigation, was appointed chairman.

appointed Minister of Economic Affairs and largely dependent on him in this function, now also took over the area of responsibility of the G BÄ\' (now: "General Plenipotentiary for the \\'economy") under him.

On August 30, 1939, a decree issued by Hitler concluded this development, according to which a six-member committee chaired by Göring was constituted from the Reich Defense Council as the "Ministerial Council for Reich Defense". The "Mi-

23 s.]3ok. EC-177, f3f *T,* vol. 36, p. 219 ff. (222), Minutes of the 2nd meeting of the Working Committee for the Defense of the Reich, at the same time the founding meeting of the Reich Defense Council, May 22, 1933; begins with a communication from the Reich Defense Minister on the "Resolution of the Reich Cabinet of April 4, 1933, on the founding of the Reich Defense Council".
Reichsverteidigungsrat" (ibid., p. 221). - For detailed information on the Reich Defense Council, see Merrick, *Gerlmrd,* Der Reichsverteidigungsrat, in : Wehrwissenschaftliche Rund- schau, H. 8/1956, p. 411 ff. ; rightly critical of this is *Fomin, W. T.,* Das geheime Reichs- kriegs kabinett und seine Rolle bei der Vorbereitung des Aggressionskrieges durch das faschistische Deutschland (l93W1939), in : German Imperialism and the Second World War, vol. 2, Berlin 1961, p. 317 ff.

24 Doc. EC-128, *IM T,* vol. 36, p. 159, Report of the Reich Minister of Economics to the Reich Defense Council, Sept. 30, 1934.

25 Doc. PS-2261, Alf *T,* vol. 30, p. 60 ff., Reich Defense Act of 21 Älai 193i3, soe'ie ibid., p. 63ff., "Resolution of the Reich Government of May 21, 1935, concerning the Reich Defense Council" ; see also *Petzina, Dieter* Autarkiepolitik, p. 68ff.

26 s. Doc. PS-2t94, *IM T,* vol. 29, p. 319C., (second) Defense of the Russian Federation Act of September 4, 1938.

The "Council of Ministers for the Defense of the Reich" had the right to issue ordinances with the force of law.2*

Göring was thus at the peak of his power as an "economic dictator". However, he did not use this power to t a c k l e more effective, uniform control and planning of the armaments and war economy. He c o n t i n u e d to work with the method he had practiced since 1937 of delegating as strictly as possible to (general) plenipotentiaries and (special) appointees (Krauch, Todt, v. Hanneken and others), who built up a more or less effective state monopoly apparatus for their area, depending on their weight and influence, sometimes in the qualitative and quantitative order of magnitude of a specialist ministry.

This method and the corresponding neglect of centralized state monopoly regulation at the top marked the path of least resistance, which Göring felt compelled to take under the pressure of the conflicting interests of the various monopoly and state monopoly groups. After the outbreak of the war, however, G öring's system continued to provoke increasingly harsh criticism of the existing state-monopoly organization of the war economy from all sides, especially from the highest military authorities and the leading monopolies. This eruption and the associated disputes soon led to significant changes within the state monopoly mechanism.

First of all, it stirred where the criticism accumulated, but also where the "conscious" forces of hlonopoly capital were most massively represented, where the strongest state-monopoly grouping dominated: the commissioner for the four-year plan itself. Göring appointed Funk as plenipotentiary for the

\\'irtschafts, reorganized the Reichsstelle für ¥ \ 'irtschaftsausbau into the Reichsamt für \\'irtschaftsausbau and confirmed Carl Krauch as head of the new office. Funk's activities as General Commissioner for Dietary Development had so far consisted mainly of m a k i n g preparations for the war economy and drawing u p thousands of pages of so-called 'Älobbücher' and mob plans. The planning extended right down to the individual company and contained the most detailed regulations and rules for the conversion of the economy to wartime conditions. In this context, Funk and his GB\Y deputy, State Secretary Posse, developed a considerable amount of operational activity - without h a v i n g sufficient \'ollpower and organizational means to ensure and control the feasibility of these plans in the event of war. After the start of the war, it still took another three months, until the end of November, before Funk was seriously attacked for his "great \'omissions" (Thomas) in the conversion of the economy to war.> When he x-on on December 7, 1939

27 *RGBI.* 1939 I p. 1539 f., "Erlass des Führers über die Bildung eines Ministerrats für die Reichsverteidigung", Aug. 30, 1939.

28 cf. note by Thomas on meeting with State Secretary Symp, Feb. 10, 1939, *1456-PS,* p. 237 - With the "Führer's order" for the armaments for the Western campaign and the corresponding "guidelines, which demand the **strongest use of** all economic forces in the service of the

€iöring was relieved of his special task as GB\\', this was a rather insignificant event in the G runcle, especially since the position was neither reassigned nor reshuffled, but simply taken over by x-on Göring himself, while Funk remained Reich Minister of Economics and Reichsbank President. He was thus removed from the center of politics.

The formation of the "Reiclisamt für \\'irtschaftsausbau" under Carl Ikrauch, which remarkably took place two days before Funk's dismissal, was far more significant. G öring' s decree on this from December *E,* 1939 contained some cautious wording: Ikrauch's function was only transferred to him on a provisional basis; the office was also to retain the character of the Reich office as "a higher Reich authority subordinate to the Minister of Reiclization". However, these provisions had no practical effect ; they w e r e merely a smokescreen, especially vis-à-vis 0Ik\\ (Iieitel/Thomas) and O KH (Heeres- o-aflenamt), which had ambitions of their own and were suspicious of and objected to the flat t enlargement of their state monopolistic competitors.

(ihef d.er Reichsstelle (since February 1938) had been an officer from Göring's Luf tivaffen- (i eneralstab (Czimatis), while Ikraucli had been head of Department I (Research and Development) and his deputy. In August 1938, lirauch had already been appointed to the Chemistry Division. I'tunme1ir x'he combined this function with that of head of the Reichamt and was thus able to achieve the long and stubbornly pursued goal of the CoRzern. 3'

The Reichsam t was a first-rate state monopoly powerhouse, unique in its unity and power. It not only possessed the highest state regulatory powers and planning powers, but also the means to realize these powers without restriction. The office was

Landesverteidigung zum Ziel haben" **(Göring)** of Nov. 29, 1939 **(both documents are currently not accessible to us), the heated discussion in the war economic leaderships actually** only began - **in view of the apparent unfulfillability of the required armaments** (Doc. PS -1457, **War** Diary (Kladde) des Wehrwirtschafte- und Riietungsamtee des OKW, Fall VI, ADB 20 (also ADB 24), DZA/FS, IG-Farben-Prozeß, Film Nr. fi13 **(hereafter** cited as: *14S7- PS),* **entries** from Nov. 29 and Dec. 3, 1939 ; *145ö- PS,* BI. 260, No- **tizen** Thomas' **zur Amtsbesprechung am** 30. Nov. 1939 ; *Milo'ord, Alan S.,* Die deutsche Kriegswirtschaft 1939-19 *a"o,* Stuttgart 1966 **(hereafter** : Kriegswirtschaft), p. 35 f.).

29 s. Doc. NG-1177, **Göring's** decree **on the "further \'unification in the steering** of economic policy", of Dec. 7, 1939, Case XI, AD B 119, DZ A Potsdam, Case XI, No. fi08, p. 119 ff. (§ 3) ; in force from Dec. 20, 1939.

30 **Entered into force on** Dec. 10, Doc. N I-7132, Case \'I, ADB 18, DZA/FS, IG Farben Trial, **Film** No. 413.

31 **Gross underestimation of the complete oklcupation** of the Reiehamt by the IG-Farben- **lion Group** in *Pet-ino, Dieter, A.***utarkiepolitik,** p. 121. **Birkenfeld** is completely silent on the subject and **even** disputes the extensive powers of **lirauchs** as G B Chemie ali (f?irben{t-fd, *14'ol(gang, op.* cit. 0., p. 119 f.). Cf. also chapter I.

de facto "Reichsunmittelbar" (Speer); it was an au tonomous, for large areas of war production (not only chemical) responsible and authorized Reiclisbeliörde. In the person of I(rauch as a member of the Board of Management, since 19fi0 as Chairman of the Supervisory Board of the IG Farben Group and in the staffing of the Reiclisam t in general, the state element had grown together with the monopolistic element to such an extent that the prix ate 6 monopoly was virtually absorbed into the apparatus of state power exchange - and vice versa. The so called "nationalized IG" (Speer), this I(riegsamt of the chemical company, offered full guarantee that the state plans (on the extent and conditions of which the company had a direct decisive influence via Krauch and his people) were actually carried out; for this, Krauch had both the resources of a central Reich authority and those of the largest private German industrial monopoly completely at his disposal.

The first result of the efforts towards state monopolistic I(oncentration in the war economy was therefore a shift in the relationship within one and the same state-monopoly grouping, the four-year plan grouping. \Like a cuckoo cub, the group around Krauch had pushed the other inhabitants of the warm four-year plan nest to the edge, thrown them out and probably even eaten some of them. The IG-Reichsamt was now fledged, was an independent Ministry of Chemistry, set up with the forces and in part also with the resources of IG Farbenindustrie AG, geared towards the war, 'ler clem I(onzern was to become the undisputed economic leader in the \\'world.

i\lith the formation; of the Reiclisam ts, a ¡undamental structural change took place or was completed in the entire **\'ier-** jaliresplanorgariization. This organization had once been a kind of I(omittee, which was supposed to intervene in a regulating way in several branches of production that were particularly important for war preparations and to make investments there for the sake of self-sufficiency, but was otherwise only a - in 'ler practice had a very indirect and loose control function. Already in the year

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Göring's appointment of the new members to the "General Council of the Annual Plan" did not conceal the fact that the eradication of the old forms had now entered a new, acute stage, initially from within.

hun lap- a reorganization of the four-year plan in the logic of war in general. h'ach clem plan should rlie \\ economy in j-ier years be ready for war. V\'ith this

32 s. Doc. NI D-13629, Göring's "Erlass über die Umbildung des Reichswirtschaf tsministeriums und die \Yeiterführung des I'ierjahresplanes", dated February 5, 1938, Case XI, ADB 118 A, DZA Potsdam, Case XI, hr. 405, pp. 186 ff. Cf. chapter I.

33 s. Doc. NG-1177, Göring's decree on the "further unification in the steering of economic policy", 7 Dec. 1939 (§ 1), Case XI, AD B 119, DZA Potsdam, Case XI, No. 408, p. 119 ff. - Incidentally, the appointment of new members was more than offset by the dismissal of previous members, so that the General Council now had 13 instead of 17 members.

However successful the task may have been, in the i'irieg itself, the autarky plans would inevitably have had to t a k e a back seat to the immediate demands of war on the economy, would have had to be revised, postponed or even abandoned altogether. This was already taken for granted by the 0 K\)' economic staff in 1936, for example, at the start of the \\'ierjahresp1ane.> I n i'irieg, interest in the production of \\'alfen and war equipment collided much more than in the rearmament phase, indeed in a new quality, with the investment and construction projects of the *ierjahresplan, which required enormous quantities of labor, building materials (iron !) and 41 machinery.

This conflict of interest was an extremely real one. It ran like a red thread through the memoranda, reports and meeting minutes of the parties involved in the dispute. First and foremost, of course, it was the leaders of)\'ehrniacht, who, "shocked by the amount of further factory \'or- preparations" and "the high \'consumption figures in the factory field", asked, in view of the growing difficulties with their armaments programs, "how much longer such large expenditures for factory preparations are necessary". They categorically requested that all investment and expansion programs "which do not have an effect in 1940 and the first half of 1941 be p o s t p o n e d for the time being without consideration", and called for the

"S tillegung of the entire r au" esen with the exception of a few particularly important \'orliaben".

I n a certain \\'way, the blitzkrieg strategy itself was an admission of failure in the autarchy efforts. This is evidenced by the open admission by the Nazi Party "that it would not be possible to hold out in the long term" >, and the adventurous conclusion that "everything had to be bet on this one card (the "big blow" in the \\ esten - D. E.), both the use of

\'£frrä teT1 as auCh s £fn ROhSt€lffeTl u Sw." 3*, and this "without regard to possible later years of the war" >.

Although all in all it was to be expected that the Reichsstelle für Y\'irtschafts- ausbau and the *ierjahresplan as a whole would be dismantled or dissolved, in fact something of the opposite happened. \Yen less important in this context was the

34 s. Do k. EC-420, Wehr'virtschaftsstab an Abt. L(Landesverteidigung) des OKW, (31.) Dec. 1936, Case XI, ADB 118 A, DZA Potsdam, Case XI, No. fi05, Bl. 171d.

35 *1456- PS,* various pieces (Eeitel, Thomas), late 1939/early 1940, sheet 265, 2441., 2*'0, 239, 220.

36 Thomas' file note on lecture at Eeitel, fi. Dec. 1939, *14ü6- PS,* p. 266 (re. Hitler's opinion).

37 Ibid. p. 267; see also ibid. p. 243, Thomas' memorandum on meeting with Göring, Jan. 30, 1940.

38 *1457- PS,* entry on Thomas' meeting with G ö r i n g , January 30, 19fi0 ; see also Doc. EC-606, *IM T,* vol. 36, p. o80 f., file note by Thomas on meeting with Göring, 30. 1. 1940 ; cf. also *14s7- PS,* entry on meeting with Göring, 9 Feb. 1940. *Exactly* the same argument can be found a year later, during the period of preparations for the **war** against the Soviet Union ; see li apapter Y.

The fact that Göring's powers as commissioner for the Four-Year Plan were renewed for a further four years by Hitler's decree 3* in October 1940 was a more or less formal act of no great significance at the time. But as the most important institutional descendant of the old four-year plan organization, the Reichsam t, the "Amt Krauch", emerged and grew with unusual state monopolistic power. In this way, with Göring's help, the IG Farben Group had thoroughly pre-empted the dangers that threatened its state-monopoly positions and thus its large-scale investments and other corporate plans; these positions were now unassailable and remained so until the end of the war.**

b) The basic state-monopoly concept of the monopolies

In his speeches, reports and notes at the end of 1939/beginning of 1940, General Thomas, head of the \\'economic organization of the OK\\', painted a gloomy picture of the economic situation in the war. He saw his well-known theory x-on the lack of German deep armament confirmed by the difficulties caused by the inadequate mobilization of the \Y economy for the war. He considered Funk to be the main culprit of these difficulties. On 7 l'lovember 1939, the two had their first sharp debate, in which Thomas reproached Funk "that the current
.kind of war economy could not continue, as the \\'ehrmacht h a d neither the necessary capacities nor the necessary manpower." Funk, however, flatly refused to "present the leader with a memorandum on the situation." **
Thomas, who, according to Speer's statement, "had already completed the tasks set out in the \'ierjaliresplan by the Generalbevoll-machtigten before the beginning of the war.

39 s. "Decree on the further tasks of the Commissioner for the Four-Year Plan", v. Oct. 18, 1940, *RGBI.* 1960 I p. 1395.

40 The company benefited from this, for example, in the negotiations for the construction of the Bunawerk Auschwitz, which began a year later. On this occasion, it again consolidated those positions by entering into an intensive cooperation and community of interests with Hiinmler as master of the concentration camps. See, for example, *Kuczynski,* Jürgen, Die Vorllechtung von sicherheitspolizeilichen und wirtschaftlichen Interessen bei der Einrichtung und im Betrieb des iiZ Auschwitz und seiner Nebenlager. Expert opinion in the Auschwitz trial, dated March 19, 1966, in : Dokumentation der Zeit, Vol. 1964, No. 308, 2nd April issue, pp. 36-42.

41 *1d57- PS,* entry of Nov. 7, 1939. - The memorandum mentioned, drafted by State Secretary Posse and supported by Thomas, i s falsified by Birkenfeld, who does not cite this diary entry, in an apologetic twisting of the facts into a mon ument of "resistance from the department", which Thomas allegedly led against the war and against Hitler (*Thomac,* Georg, Geschichte der deutschen Wehr- und Rüstungswirt- schaft (1918-1943/45), ed. v. **D'olfgang** Birkenfeld (= Schriften des Bundesarchivs, Nr. II), Boppard 1966 (hereafter: *Thomas,* Georg, Geschichte), p. 11ff, 173).

of the war", saw the remedy in some very far-reaching measures. In particular, he demanded that the \\'economy should be converted more radically to the war, that companies without orders important to the war should be shut down and that "all orders from the time before the war that have not yet been completed, with the exception of U'ehrmachts orders important to the war, should be declared null and void."*3 He also openly suggested to Göring that "all programs that did not have an effect in 1940 and the first half of 1941 should be ruthlessly postponed for the time being, in particular the rayon program, the fat program and possibly also the last factories for the fuel program." ** He even advocated the curtailment of the actual armaments programs, especially for the armed forces and the air force.

Roughly speaking, Thomas' conception of the war economy even before the war consisted of distrust of the Blitzkrieg strategy. However, given the fundamental weaknesses of Germany's economic potential, he could only counter this strategy with palliatives and aids (longer periods of armament, securing the most important raw material imports through corresponding exports, stronger pressure and state-monopoly coercion on the \\'workers), but not a fundamentally better or more realistic system.

His previously outlined line was bound to p u t him at odds with all the important factions of the ruling class at the end of 1939/beginning of J 940. Even Funk his stubborn policy of a "peacetime war economy" was not without support from the Nazi leadership clique (especially Göring) fi5 and without pressure of those economic circles which could be least interested in a radical changeover to war conditions; these were above all the large banks, the building industry, the consumer goods and consumer industries in general, and the entire trade, but also the iron producers and certain branches of the engineering industry, which wanted to share in the domestic and export boom in semi-finished goods, equipment and machine tools for as long as possible.

fl6 But G üring unit of the monopoly grouping behind him, an-led by the IG Farben Group, it did not occur to the \\'ehrwirtschafts- und Rü- stungsamt des OK\\' to grant the state-monopolistic JYIacht position of General Plenipotentiary for the \\'irtschaft, to which it h a d already laid claim long before the war."'

é2 **Interrogation of** Albert **Speer, l2.** March 1947, Doc. N I-5821, case Y I, ADB 18, DZA/FS, IG Farben trial, film no. fi13. See also Tüomos, Georg, Geschichte, p. 178 and passim.

43 Thomas' **lecture note**: "Proposals …", Dec. 5, 1939, *1456- PS,* p. 263.

44 Thomas' **memo regarding** meeting with Göring, **Jan.** 30, i9fi0, *1456- PS,* p. 244 f. **Accordingly,** Göring to **Funk, Feb.** 3, l9fi0, **Nriegsfigebiich** det *Oberkommamdos der Wehrmacht (Wehrmacht{ührungsstab) 1940-1Üd5,* (hereinafter: *K TD d. OKW j,* vol. 1, **Frankfurt** a. M. 1965, p. 962.

45 s. Ybomoe, Georg, History, p. i7fi.

46 cf. ibid., p. i5fi, 176 f.

47 cf. doc. EC-fi20, Wehrwirtschaf tsstab an Abt. L (Landesverteidigung) des OKW, (31.) Dec. i936, Case XI, A DB 118 A, DZA Potsdam, Case XI, No. fi05, Bl. l7 l fi. - Speer

Nevertheless, there was an unmistakable tendency towards tighter state-monopoly regulation and a growing push for dictatorial economic policy powers among all important state-monopoly groupings at this time. The leading monopolies proved to be the most active in this respect,

"conscious" c räfte who pressed most clearly and emphatically for the transfer of dictatorial powers to a competent body, a state monopolistic center. The result of their pressure was initially still uncertain in terms of institutions and personnel and was quite controversial; in the end, it had to be decided on the basis of the cäf t understanding between the various financial capitalist groups and state-monopoly groupings.

In a speech to the Reichsgruppe) ndustrie on 29 ß'ovember 1939, Thomas made a general, albeit urgent, appeal to industry to "make every effort to increase armaments." " He called on them to make an "effort which, in its scale and suddenness, must leave the Hindenburg program far behind." ^° "And here," he concluded, "I appeal once again to you as the leaders of the German

\I'm committed to using all your energy and talent to turn Germany into a single large and powerful armaments power that c a n also cope with an Anglo-French and, if necessary, an American armaments effort."

His program for a conversion and concentration of all resources on war needs was not likely to inspire the top industry representatives present. He spoke out decisively against costly new investments and

-The aim was not to reduce production in the armaments industry. Rather, production bans, raw material withdrawals and shutdowns were intended to force the "I't armaments industry" to switch to war-related production. "Because we will never be able to defeat England with radios, vacuum cleaners and kitchen appliances. "51 Raw materials and labor were only to be distributed according to orders important to the war effort, not according to operating capacity. As the aforementioned orders came from the military economic organization of the OKW or the V'ehrmacht parts, this demand would have made the entire industry dependent on the D'ehrmacht units. At the same time, however, Thomas made no secret of his intention to rely on

reports of "disputes between Keitel and Göring" in this **connection at the beginning of the war (Interrogation of** Albert **Speer, March** 12, 1947, Doc. NI-5821, **Case VI,** ADB 18, DZA/FS, **IG Farben Trial, Film No.** 413. **Cf.** also 2f *T'B d.* OZfl¥, vol. 1, p. 83 E, 84 E.

48 *1457- **FS'** **note on Thomas' lecture** to the Reiehsgruppe **Industrie (presumably** to the Großer Beirat der RGI) on 29. 11. 1939, entry of fi. 12. 1939; wording of the ***vorttaga*** **in** *Thomas, Georg,* **Geschichte,** pp. fi98ff. **Cf.** also *Mifward,* tten *S.'* Kriegs- Wirtschaft, p. 36.

fi9 ***Thomas, Georg,*** **History, p.** 498.

ii0 Ibid, p. **507.**

5lEbeoda, p.50L

the "lure" of higher armaments prices - in contrast to the first \\\ world war.
\While the great ambitions of the fi'ehrwirtschafts- und Rüstungsamt in this Ilede were unassailable, Thomas left his audience completely in the d a r k a s to whether he had the means to enforce them. Well aware of his lack of such means, he left the following
\The government has done nothing for weeks and months to secure the support of the monopolies and their "self-governing" bodies in order to realize its far-reaching ambitions.
to achieve state monopolistic goals.
On i8. December, he invited "the leading personalities of German industry"$-r to his office for a meeting.
In addition to a dozen senior officers from Thomas' office, 27 leading financial oligarchs were present at this meeting, mostly the heads of the major corporations themselves, such as Rudolf Blohm, Hermann Bücher, Friedrich Flick, Peter Klöckner, Heinrich Koppenberg, August Ikotthaus, Carl Krauch, Alfried Krupp, Paul Pleiger, Hermann Röchling and Rudolf Stahl. Thomas spoke about the military-economic situation. The discussion that followed revolved around difficulties in steel production, the supply of ore and, above all, transport calamity - until Bücher **intervened** and made a fundamental point: "What is needed above all is a *rinRitfirR management* of the economy and the simplest possible organization. Then it will be possible to get the best performance out of industry, which is a very willing body. *One* body must know the total requirements of \\'ehrmacht, have an overview of all the raw materials available and make the final decision on their use. *One* body must clearly and unambiguously determine the order of magnitude and urgency of requirements according to uniform criteria." Now the discussion began to flow. Rudolf Bingel (Siemens Group) signed books; he called for "uniformity in the management and consistency of order placement for the electrical industry". \\'The books were also argued by \Vilhelm Kissel (Daimler-Benz) and Pleig "er. "The industry could achieve far more," emphasized Kissel, "if it were given clear tasks." Thomas declared himself quite satisfied with the outcome of the meeting. He noted that "in the course of the debate, the main demand w a s for uniform and clear management, because otherwise the demands of the state cannot be met, or at least not on time. I have always advocated this demand and will continue to do so in the future." In conclusion, he demonstratively lamented the lack of authority for his office, especially the lack of command over the 1'affen offices of the three \¥ehrmachtsteile, and let it be known more or less clearly in pessiinistic statements that the formation of the required central war economy command office was very urgent and that only his own office could be considered for it.

52 *14s7- PS,* Ein tragung *v.* 18. 12. 1939 ; s. a. *Thomas, Georg,* €"eschichte, p. 175.
53 Recorded as a memorandum, December 19, 1939, hereinafter cited as A netoniie *ctes* iérieges, a. a. 0., Doc. Er. 111.

The next day, Thomas invited ten leading monopolists and managers to a "Debate on the situation and prospects of German exports". According to the minutes, Karl Blessinp- (Margarine-Union Group, former Reich bank director, financier and representative of the major banks), Hermann Fellmeth (Bosch Group), Georg Gasper (Otto Woll Group). (Margarine Union Group, former Reich bank director, financial expert and representative of the major banks), Hermann Fellmeth (Bosch Group), Georg Gasper (Otto Wollt Group), Franz Kirchfeld (Ilonzern Gutehoffnungshü tte), Hermann Klaue (representing Croon, the head of the textile industry economic group), Kurt Krüger (IG Farben Group), Karl Lange (General Manager of the Mechanical Engineering Economic Group), Paul Legers (Export Specialist of the Iron, Steel and Sheet Metal Industry Economic Group), Karl Lindemann (Norddeutscher Lloyd/Hapag) and Hermann Reyss (Siemens Group).** The meeting was highly revealing with regard to the dissatisfaction of the monopolies with the functioning of the state monopoly mechanism. The monopoly representatives demanded the "concentration of decision-making authority" (Legers) on foreign trade, especially export issues, in a "supreme body" (Reyss). The minute taker summarized the essence of their demands as follows: "A supreme authority must alone decide on the management of foreign trade.

'ler export in certain directions, political expediency, implementation ;;aranties, human and raw material safety."

Another meeting between Thomas and key representatives of leading companies, this time about the traffic situation, took place on February 16, l9fi0. The participants from the industrial side were again prominent figures, and their demands and proposals in the same direction were even clearer and more massive. Helmuth Poensgen (Vereinigte Stahlwerke), Hermann Waibel (IG-Farben) and Georg Haindl (paper industry) were invited in their own right as chairman or members of the transport committee of the Reichsgruppe I ndustrie, as were Alfred Linden (Rheinisch-V'estfälisches Kohlensyndikat) and Alexander Prentzel (Kalisyndikat). The monopoly representatives energetically demanded drastic measures. Waibel initially proposed that the heads of the \Yirtsehafts- und Fachgruppen should have the decisive say in the distribution of freight wagons for the next few days at the Reich Ministry of Transport instead of the transport officers at the Reichsbahndirektionen. Poensgen felt that this centralization was not yet sufficient: "… A strong group egoism prevails in the economic groups. Therefore, a strong central command is necessary. "[57] The group leaders then agreed to make such a "strong central authority" the "most pressing demand". The minutes summarized their views: "From the circle of the I n-

54 s. Minutes of the meeting, Dec. 19, 1939, *1456- PS,* BI. 248 d.

55 Ibid., p. 259.

56 Minutes of the meeting, *1456- PS,* p. 222 d. Franz Hayler (head of the Reich Trade Group) and Wenzel (-Teutsehenthal) (as representative of agriculture) had canceled. Here and in the following, the names of Waibel (Waibl), Prentzel (mostly Frentzel) and Haindl (partly Heindl), which are misspelled in the minutes (or in the Nuremberg transcript), are reproduced correctly.

57 Ibid., p. 228.

58 Ibid., p. 233.

Industrial: Programs must be geared to the possibilities. A clear responsibility must be taken, otherwise we will always get stuck. (fi'aibel, I. G. Farben). The matter must b e regulated dictatorially. *Everything cries out for a man who regulates things dictatorially with expert knowledge.* (\\'aibe1 and Poensgen)." 5*

The minutes of the meeting reflected only too clearly the helplessness of the \\'elirwirtschafts- und Rüstungsamt des OKW, the lack of influence on the indirect economic events, even on the armament programs of the individual Y'ehrmacht parts, its inability to master the increasingly complicated economic problems of war. Thomas had obviously wanted to organize and conduct the consultation in such a way that it played trump cards in his hand, with the help of which he could assert his own candidacy for the post of "strong man". He had appeared with seven senior officers from his office. However, the company bosses discussed the problem among themselves and did not respond to his tactics in the slightest. When Thomas let his plans shine through more clearly at a point in time that seemed to suit him: "If you abolished the general officers, things would get a lot better," Prentzel immediately interrupted him: "Decentralization is now worse than centralization . . .".

One month after the meeting described above, Hitler appointed an IYlinister for armaments and munitions. Fritz Todt was appointed and not Thomas, who despite all his efforts could not secure sufficient support from the monopoly.

The appointment of a Minister of M unitions had been under discussion since December 1939. l'lacli Thomas' account, it was above all his, Thomas', speech to the Reichsgruppe I ndustrie on 29 h'ox ember Göring that gave rise to the idea of proposing a special Minister of M unitions to Hitler.**

What is plausible about this version is that the group of FI onopolies standing behind Göring and working with him informed G öring of Thomas' plans and ambitions that had emerged before the RG I and pressed for a solution in their interests. In their opinion, the trend towards greater centralization of state monopolistic regulatory power and the tendency towards its constant expansion, which was generally p e r c e i v e d as a necessity for the war economy and was being pushed by the leading monopolies in particular, certainly had to be steered in directions other than those long pursued by the V*ehrmacht and Thomas in particular. Krauch, in particular, as the general authorized representative for the products of ammunition production, must have had an absolute interest in preventing the accumulation of flat products in those hands.

Following on from Göring's usual method under the Four-Year Plan of appointing special commissioners with special powers that were as narrowly defined as possible.

59 Ibid. p. 236, my emphasis - D. E.

60 Ibid., p. 230.

6 l s. Vhomes, Ceorg, Geschi chte, p. 508, 5t0, notes by Thomas and Obst.
Janscn z. Lecture **Thomas on** March 29, 1960.

The I'ierjahresplangruppierung undoubtedly played a leading role in preparing the solution that was later found in weeks of probes and consultations. The grouping around Göring benefited from the growing criticism of the entire armaments industry of the "incompetence of the previous organization" of the "ehrwirtschaftsbehörden, especially the criticism of the arbitrary policy of the Army Weapons Office and its constant - profit-reducing - interventions in production as well as the failure of its munitions planning.

i'ieitel spoke to Hitler against Göring's proposal. He insinuated that it would be sufficient to "hand over the matter to an industrialist" within the Army W affenamt. Negotiations were held with)Yalter Borbet, the general director of the Bochumer Verein, but he rejected the proposal and demanded direct authorization from the O EW.°2

At the beginning of 1940, Hitler himself negotiated with representatives of industry and called in Todt. On February 23, he appointed t'e for int; "l't'd l as "tieneralinspektor für Sonderaufgaben des Vierjahresplanes" in it important yolliiiachten für die Versorgung der ütunitionsin'iindustrie mit Rohstoffen, Arbeitskräften und Maschinen. Todt himself did not limit himself to the role of a waiting observer during this time. As head of the fascist party's main technical office, he effectively used the part of the party apparatus at his disposal and b r o u g h t his "complaints" and "suggestions" for the promotion of armaments directly to Hitler's ear. <

A final massive attempt by Thomas to a c h i e v e his goal nevertheless failed. I n connection with negotiations on the matter under Göring's leadership in February and March l940^ he wrote a memorandum** in which he summarized his line and policy. I n it, he emphasized both that industrialists such as Poensgen, fi'aibel and Bücher demanded a unified command in the economy and that, in his opinion, the plenipotentiaries had to be abolished. Finally, he presented a plan that he had already discussed with General v. Hanneken (Undersecretary of State in the Reich Ministry of Economics, Plenipotentiary General for Iron and Steel) in November 1939. He suggested to Göring "the formation of an armaments office with a command staff working directly under him (Göring - D. E.)". <

Thomas' \\'ehrwirtschafts- und Rüstungsamt, which had just been formed in October and November 1939 as a precautionary measure from the "'ehrwirtschaftsstab, was thus to become the central

62 Ibid., pp. ö08 f., 510f. See also *Dornberger, **Walter*** V 2 - **Der** Schuß ins Weltaß. Ge- schichte einer großen Erfindung, 3rd ed., Eßlingen (1958), p . 87 f.

63 Z'liomns, Georg, Geschichte, pp. 511, 508.

Gfi Ibid., p. 238 f. ; *K TB d. OKW,* vol. 1, p. 962, Göring's decree of **February** 23, f940. See also *Milnard, Alan S.,* War Economy, p. 56.

65 s. *Thomas, Georg* Geschichte, p. 199.

66 cf. *1456- PS,* p. 223, **minutes** of Thomas' meeting **with** industrialists of Feb. 16, 19fi0.

67 **Memorandum** Thomas' : **"Zentrale kriegswirtschaftliche Führung", from March** 19fi0 (early **March?),** cited in *Petsino,* Mieter, Autarkiepolitik, p. 136 0.

68 Ibid, p. 137.

He wanted to expand the command post for the war economy, which he considered necessary. The fact that he wanted to formally subordinate himself to Göring was a concession w i t h t h e help of which he hoped to win him over; otherwise he could not have remotely expected to fill the position of the GBW, which had been vacant since December 7, 1939, possibly to take over the powers of the Four-Year Plan and in this way to establish and expand his own state monopoly economic dictatorship.

On March 17, 1940, however, To dt became Minister for Armaments and Munitions. \\'Even if the background to this appointment cannot yet b e elucidated with sufficient precision, the essential connections within the grouping struggles for a stronger state monopolistic concentration can be seen here.

The insistence of certain monopolies and monopoly groups on a dictatorial approach in the \economy, on a stronger centralization of state-monopoly control, was not a unique phenomenon in German history since 1933 or even before. The closer the war came, the more frequently the call for the state-monopoly \economic dictator had become loud (1934, 1936, 1938). But this time this demand had a particularly broad basis and resonance in monopoly circles. This was objectively a form of recognition of the highly social character of the war and, accordingly, of the war economy, forced, of course, by the pressure of circumstances in the face of the first serious difficulties of the war economy.

The demands of the leading monopolies were formulated as clearly and forcefully as they were, and they were undoubtedly aimed at a far stronger centralization of state monopolistic power, even beyond the level of the general representatives appointed in certain areas. Of course, the monopolies in general did not yet enjoy the same comprehensive centralization that existed later under Albert Speer. The objective tendency towards an ever more concentrated concentration of power, towards the dictatorial solution of economic and social problems of monopoly rule, which is generally characteristic of state monopolistic development, arises under the pressure of internal and external \vidersprüche ; the more and the stronger this

\The more powerful and more pervasive this tendency became. At that time, the initial "B litzkrieg" successes still kept the effects of the unsolvable contradictions for German imperialism within limits, the "strange" warfare of the \Vestmäc1ites made it easier for the F"aschists to contain them. Just like the dimensions of the war in general, the depth and vehemence of the

\\'contradictions initially still limited.

Under these circumstances, a compromise solution was to be expected, which resulted from the struggle of interests between the various state-monopoly groupings. This compromise did not emerge suddenly, all at once, but in stages, in a rather lengthy process.

After all, the massive demands of the monopolies for dictatorial forms of regulation of the production process and the changes in the state monopoly apparatus that corresponded to these demands represented a first step in the right direction.

was an important turning point in the development of the German war economy. With Funk's replacement as General Plenipotentiary for the Economy and the formation of the Reich Office for Economic Expansion, important changes had already begun. The creation of the Reich Ministry for Armaments and Munitions marked a new stage in the organization and structure of the war economy and the beginning of a new phase in the development of state-monopoly e-capitalism.

c) *The formation of the* fteic/is Ministry Jfor *Arms* and *Ammunition*

In March 17, 1940, Hitler** issued a decree creating a new ministry, the "Reich Ministry of Armaments and Munitions". Fritz Todt was appointed minister. The decree contained the general order to the
new Äfinister, "all agencies involved in \'afIen manufacturing and ammunition production ... t o achieve maximum performance", [70] According to more recent studies
Initially, Todt's powers extended only to the production of army ammunition, which he was instructed to "accelerate and considerably increase through appropriate rationalization measures.
t 'eisungsrecht to the Heereswaflenamt, and in the spring of 1940 his commission was extended to include submarines and tanks." [72] \ I'ollmachten could he
In addition, he was able to draw on his previous functions, which remained with him, especially those of "General Plenipotentiary for the Regulation of the Construction Industry" (G B Bau ; since December 1938) and "General Inspector for Special Tasks of the Four-Year Plan" in the field of raw materials management, especially copper management (since February 23, 1940) [73] According to Funk's statement› he took on the role of "General Plenipotentiary for the Regulation of the Construction Industry" (G B Bau ; since December 1938) and "General Inspector for Special Tasks of the Four-Year Plan" in the field of raw materials management, especially copper management (since February 23, 1940).
Todt to this from him "as soon as the entire energy industry" [74]
From the very beginning, Todt enjoyed the support of the Reichsgruppe I ndustrie under Zangen's leadership as well as leading armaments companies such as the Vereinigte Stahlwerke, which, for example, provided him w i t h one of their most ruthless managers and most capable younger directors, U'alter Rohland - and this was the decisive reason for all the productivity of his ministry. The IG Farben Group also supported Tod t, with whom Krauch had previously worked as the Chemistry Division.
had worked together "herx'orragend".'° This group was presumably motivated by

69 "Decree of the Führer and Reich Chancellor on the appointment of a Reich Minister for Armaments and **Ammunition",** *RGB1.* 1940 I p. 5i 3.
'0 Ibid.
71 *K TB d. OKIV,* vol. 1, p. 8o E.
72 Ibid.
i3 s. *hlilward, Alati S.,* **Fritz** Todt as ülinister for Beu'affnung and ä l u n i t i o n , in : YfZ, H. 1/1966 (hereafter : Fritz Todt), p. 46 ; *the same,* Kriegswirtschaft, p. 56. 74
Cross-examination Funk, May 4, 19*i6, *I M T,* vol. 13, p. 115.
7o s. Doc. EC-282, Working Report of the Chemistry Division before the General Council of

the Vie-iahres- plan, April 28, 1939, draft of April 20/21, 1939, Case XI, ADB 119, DZA Potsdam, Case XI, No. 408, Bl. 30f.

He also had other motives for doing so than directly economic ones°°; nevertheless, he attached great i m p o r t a n c e to the best relations with GB Bau and - as a producer of powder and blasting tunnels - with the Minister of Munitions.**

Now even recent bourgeois research admits that Todt collaborated with big industry. °8 It presents it as if he had made use of experienced entrepreneurs to help his "creation" come to life, namely the new system of organization in the armaments industry, which will be discussed later. With apologetic intent or in complete misjudgement of the facts, she credits him with this as a measure of full insight and even as a merit. However, it not only leaves the decisive role played by the leading monopolies and their state-monopoly representatives (Reichsgruppe I ndustrie and others) in the creation of the Todt Ministry completely in the dark, but even more so the fact that the new minister took each of his first steps literally at the hand of the leading representatives of large arms companies and under the guidance of the Reichsgruppe I ndustrie. Both the new organizational system and the rationalization concept and - last but not least - Tod t's fixed price system were in fact the collective \\'recognition of the large corporations and their "self-administration". The ministry w a s their central executive.

The first weeks of the new minister's work were filled with extensive discussions between Todt and the representatives of the large armaments monopolies and their state m o n o p o l i e s . Among the corporate leaders with whom he conferred several times in the first days and weeks were Walter Borbet, Rudolf Bingel (Siemens Group), Philipp Keßler, Hellmuth Roehnert, Albert Vögler and Wilhelm Zangen.

On **March** 27, 1940, eleven leading representatives of the Reichsgruppe I ndustrie and heads of economic groups exchanged their experiences to date from their consultations with Tod t in a secret meeting. They had gone through the problems they considered to be the most important in detail with the Minister of Munitions. They had criticized the "bureaucracy" of the Army Ordnance Office and other departments and demanded clear regulations and powers, especially in areas where their profits were at stake: in armaments prices, in investments and amortization and in reproduction rights and licenses.

The monopoly owners reported on the "very good impression" they had gained from the meetings. Todt had asked that the "industry should make suggestions to him". Everyone agreed that "if anything had been achieved at all in the war economy so far, it was essentially the

76 The often competing interests of the chemical group and the large coal and steel companies made stronger state supervision of these seem desirable or necessary. For historical examples of this form of (state-monopoly) **competition of interests,** see *Gossweiier, Kurt,* Die **Rolle** des Monopolkapitals, p. 204 ft.
Cf. also Kuczynski, *Jürgen,* Studien 1918-1945, p. 138ß.

77 cf. *Polzina, Dieter,* **Autarkiepolitik,** p. 147.

78 **Especially** *Mitward, Atan S.,* Kriegswirtschaft, p. 53fi. , *the same,* Fritz Todt, a. a. 0. ; see also *Petzina, Dieter,* Autarkiepolitik, p. 136 fi.

organization of the commercial economy. We must go further here. ... Todt's advice from experts should and must be controlled by the Reichsgruppe I ndustrie. The technical committees should be m a d e up of industrialists."° [a]

The unanimously approved proposals of this consultation in the Reichsgruppe I ndustrie were immediately put into practice. Commissions were formed which constantly discussed the most important problems and drew up proposals and drafts for death with great speed. Careful selection was made of the personalities for the bodies that were to provide the Minister with constant and decisive advice. A memo from the general director of the Hoesch Group provides information about these fundamental consultations and about the system of organizations and measures that emerged within a very short period of time °*:

"Subject: Minister for Armaments and Ammunition.

1) On the evening of Wednesday, April 3, I went to see Mr. Zangen in Düsseldorf to talk to him again about the advisory board to be created at the above-mentioned iYlinister. I explained to Mr. Zangen from the outset that, for personal reasons, I had no interest in joining the advisory board, but that for factual reasons I would have to ensure that we were informed. So if he himself went to the advisory board and wanted to inform me about the negotiations, that would be quite enough for me. Mr. Zangen declared his agreement and confirmed once again what he h a d already told me on the telephone from Berlin, that the advisory board did not include any direct representatives of the iron and steel industry. He asked Mr. Poensgen, who had also asked him to nominate him to the advisory board, to refrain from doing so. He proposed Mr. Borbet (Bochum), Mr. Löser (Krupp-Essen) and Mr. Roehnert (Rheinmetall) for the manufacturers of weapons and ammunition in the iron and steel industry. Also represented are the feeder factories, numerous metal factories, foundries, etc. Incidentally, it would of course be up to Mr. Todt to elect whoever he wanted to the advisory board.

The following is an outline of the work that the Reichsgruppe I ndustrie has undertaken with the Minister of Munitions:

a) A committee for cooperation in industry chaired by Borbet examines the question of how the central office can be relieved of the burden of placing orders. No fewer than 6,800 officers and employees are employed in the current \Vaffen- und Munitionsamt. An attempt is to be made to ensure that the office negotiates directly with far fewer companies than before, and that either joint ventures are formed, whereby a leading company negotiates with the Minister (improved in: tmt - D. E.), or that general contractors receive the orders. who in turn award subcontracts....

78a Memo on the meeting in the Reichsgruppe Ind ustrie on March 27, 1960, cited from: *Anatomy of War*, op. cit. No. l l4.

79 DWI, No. 4376, Vol. 16, memo from Erich Tgahrt, Chairman of the Hoesch Management Board .tG, 5. 4. 1940.

b) The committee set up for business management meets under the chairmanship of Mr. Gobbers, Director of **Mannesmann.** On the opposite side sits Mr. Ziehm, the chief price inspector for defense contracts. (It goes without saying t h a t the Ministry of Munitions is also adequately represented on all committees). This committee has the task of simplifying the price checking and fixing of prices, the communication with the ministry of munitions and so on. Finally, the tedious weeks of work at the factories are to be abolished, a clear respect for fixed prices is to be determined, the question of depreciation is to be generously recognized, etc. It would appear that this committee has already made considerable progress in the direction outlined.

c) The acceptance committee is to work towards simplifying the acceptance conditions and the acceptance test. Our Dr. Hofl has also been invited to attend.

d) The Committee on Quotas is to implement a fundamental improvement and simplification of the quota regulations, both for iron and steel and for metals, etc. Mr. Maulick and Mr. Scheer-Hennings have been delegated to this committee by the steel industry. The metal procurement procedure will be further amended and considerably simplified, as Minister Todt told me.

2) Together with Mr. vom Bruck, I visited Mr. älinister Todt on April 4, who received us in the presence of the head of the Reich Office. Mr. Todt had already made a large number of previous visits, including several to Zangen, Borbet, Vögler, etc., so that he was aware of all the obstacles to the full development of production. Nonetheless, most of the issues were briefly discussed again (worker issues, transporter issues, quotas, too many new buildings started, low consistency in production, overworking of employees and workers, psychological inhibitions, etc.). Mr. Todt has a very clear idea of everything and deals exclusively with the major and decisive questions of simplifying the organization and eliminating the difficulties and obstacles. ...

Mr. Todt also has in mind to take very thorough action against the continuation of New buildings that are not necessarily important for the war effort or that will not be completed within a reasonable period of time (i.e. essentially in the course of this year). In this area, Mr. Vögler apparently gave him particular encouragement. Mr. Todt said that until the factories were forced to tear down the h'eubauten they had started and scrap t h e m , it was unlikely that common sense would prevail in this area. .

The Ministry has appointed representatives at the armaments inspectorates and also at armaments commands. They are available to support urgent questions. If necessary, you can also contact the head of the main office present at our meeting. However, it is best to contact the minister's representatives at the armaments inspectorates first."

By the time the head of the Hoesch Group drew up this l'lotiz, the work of the committees had progressed with great acceleration. The "Committee for the Review of Order Management in the Field of Ammunition Production"
- presumably identical to the first of the committees listed by Tg-ahrt - had submitted proposals that had been drawn up in the Reichsgruppe I ndustrie. These proposals contained far-reaching changes to the previous organization of the war economy in the field of ammunition production. The representatives of the RG I took this up with Todt, and from one day to the next, against the resistance of the U'ehrmachtsstellen, the committee passed an order by Zangen, approved by Todt, which essentially finalized the entire state monopolistic apparatus that was to form the backbone of the ministry in the future.

The course of the committee's negotiations proved the RG I and its representatives to be the actual creators of the new state monopoly system of "self-administration" in the production of munitions. The meetings, which took place on April 2, 3 and 5, J9fi0 >, were chaired by Ministerial Director Schönleben as Todt's representative. Eleven officers, namely six representatives of the V\'ehrmachtsteile (mainly from the Heeres- waflenamt), two observers from the \'ehrwirtschafts- und Rüstungsamt and three armaments inspectors, faced three representatives of the RGI, led by Philipp Keßler. Schönleben called on the representatives of the Reichsgruppe to examine whether and how the order system, which had previously been handled rigidly and bureaucratically by the U'ehrmachtsstellen, could be simplified and changed through industrial working groups. Keßler immediately emphasized that it was "a necessity to transfer official functions to such working groups. In order to meet the demand for machines and people appropriately, it was necessary for certain authorities to exert an authoritative influence on the individual companies."

At the meeting the next day, Keßler presented the plan of RG I, "that regional committees should be formed for bullets, cartridge cases and detonators, and that these regional working groups should have a central head." He accused the representatives of the V\'ehrmacht x-or of awarding contracts without providing machines, materials and manpower. "It is a demand of the industry," he continued, "to first of all make the workforce available to well-established companies that can produce immediately. In addition, it must be demanded that no more withdrawals should be made from ammunition factories."

On the same day or the next, the representatives of the RGI I "ortrag- bei Tod t, and on April 5 the remaining committee members were only informed that "the Reich Minister would issue an order on the establishment of working groups, the wording of which he reserved for himself. Furthermore, General

80 **Also the following according to the report (by Meendsen-Bohlken,** WiRüAmt?) **on** the **meetings** of the Aueschuss, April 9, 1940, DZA/FS, **film no.** 2312, quoted from: *Anatomy of the* 2frieger, op. cit. No. 115 ; **see also iYegner,** *Raimund,* **Die kriegsökonomische Vorbe- reitung des Überfalls auf die Sowjetunion und die Rolle der militärischen Wirtschafts- organization** des **Oberkommandos der faechistischen Wehrmacht (Man., in preparation for printing).**

Director Keßler presented the draft of an order from the head of the Reichsgruppe I ndustrie, which was intended to supplement the order from the National Minister. These two orders were the basis for the formation of the working groups and committees." Schönleben concluded the discussion of Zangen's draft order "surprisingly" for the representatives of the Vt'ehrmacht with the "result" that the armaments inspectorates would not be involved in the new system, i.e. that they should have no say in the armaments monopolies; "if the proposed working groups had proved their worth, they should also carry out the awarding (of contracts - D. E.)." Lieutenant General Stud (HWA) and Vice Admiral Meendsen-Bolilken (\Vi Rü Amt) had no success with their counter-arguments against the planned serious encroachment o n their sphere of competence and power. Her impression, as noted by Meendsen-Bolilken, was "that the decision on the work of the committee had already been made on the basis of the presentation by the representatives of the Reich Group to the Reich Minister when the discussions of the third day began. As a result, the proposals of the \Vehrmach t were passed without further discussion."

Todt's order, announced at the third committee meeting on April 5, appeared the very next day as a decree on the "formation of working communities in munitions production",[81] Zangen's order of 8 April *' contained the new system of state-monopoly organization in the munitions industry in **great** detail. Companies that produced similar parts and types of ammunition formed regional working groups t h a t functioned as a compulsory cartel. Their chairmen could issue orders to the factories to rationalize production, affecting production techniques and technology, individual work processes, piecework times, etc. One of the most important provisions was: "For the ammunition orders to be placed in future ... The joint venture takes over the economic control", i.e. the distribution of the global order in its area.

The chairmen of the working groups formed an ammunition committee within the district framework. The chairmen of the munitions committees were in turn to be members of the central munitions advisory board, which had been formed at the RGI. "The chairman of the munitions advisory board was appointed by the chairman of the iron and metal industry association in agreement with the head of the Reichsgruppe

81 s. *Thomas,* Georg, Geschichte, p. 232 note 59 - Thomas also testifies that Todt took **a "new path"** immediately after **his** appointment "by **instructing** the head of the **Reichsgruppe Industrie, Generaldirektor Zangen, to** form **working groups within the munitions-producing companies** and to entrust them with the **economic** running of **the entire munitions production program** on their own responsibility." *(ibid., p. 231f.).* (Ibid., p. 231f.).

81a Yom 8. 4. 1940 ; in the **following** quoted after: *Anatomy of the* ifriege, o p . cit. No. 117.

Industry. Its appointment requires confirmation by the Reich Minister for Armaments and Munitions. The Munitions Advisory Board imparts the entire experience of the Reich territory, makes suggestions for the inter-district equalization in the awarding of contracts and is available for consultation in all questions of economic production."

In line with the general tendency towards centralization of state monopoly control, the Ministry of Munitions and the Munitions Advisory Board very soon supplemented the regional grouping of companies in the military districts by means of working groups and munitions committees with so-called special committees, which took over the authority to rationalize production and "advise on order management" for certain types of munitions throughout the Reich.

This put an end to the intervention of the Army Ordnance Office in the field of ammunition production. Its extensive powers of control were severely restricted. The influence of the Wehrwirtschafts- und Rüstungsamt of the OKW was also considerably weakened by the fact that the Minister for Armaments and Munitions appointed industrialists as his special representatives in the armaments inspectorates and armaments commands of the OK\är Amt in the military districts or D "ehr- kreis.

The new state-monopoly system of organization soon spread to other large areas of army armament. The same twofold system of district and specialist grouping as in the munitions industry was extended to tank and weapon production companies in the course of 1940. For example, in addition to the district working groups for weapons, a special \\'weapons committee was set up in November 1940 with five main groups, which were again subdivided into working groups (main groups for small arms and machine weapons, for medium weapons, for heavy weapons, for primary materials and for supplies). The tasks and powers of this organization consisted of co-deciding on the assignment of military orders to the factories, rationalizing production by exchanging experience and streamlining types within its area and transferring workers and machines to preferred factories "to eliminate certain narrow cuts." [3]

In line with the expansion of the state-monopoly organization of the Ministry of Munitions, the munitions committees in the military districts were transformed into armaments committees, and the Munitions Advisory Board into the Ministry's Armaments Advisory Board.

The management of this new organization of the arms industry was directly in the hands of the leading arms companies themselves. Head of the munitions

82 Circular letter from Philipp Keßler to the chairmen of the AeI unition Committees, etc, 25. 5. 1940, quoted from: ibid. No. 119.

83 Guidelines of the Armaments Advisory Board, 4. 12. 1940, quoted from: ibid. No. 145.

The Chairman of the Armaments Council and later the Armaments Advisory Board was Philipp Keßler. The Special Committee on Armored Cars was chaired by Walter Rohland, member of the Board of Management of Ä'ereinigte Stahl-Werke, and the Special Committee on T 'aflen by Erich Müller, member of the Board of Management of the K rupp Group. As chairmen of the main groups of the special committee

\Yaflen served as general directors and directors of ii oncorporate operations of the Krupp Group, Vereinigte Stahlwerke, Gutehoflnungshütte and other groups.

älilward describes the functions of the committees and the entrepreneurs in charge of them in more detail: "Once they had gained a thorough knowledge of the capacity of a factory under their supervision, the industrialists sitting on the committee had to examine all plans for the purchase of new machines. They had the power to t r a n s f e r machinery and labor from one factory to another, to supervise the factories during the production process, and to provide all possible assistance in achieving the goal set forth in the committee's program. As a last resort, they had the power to prohibit the production of certain products if, in their opinion, they could be produced more economically elsewhere. .... The committees were not subordinate to the armed forces' charging bodies, but received their instructions from the Ministry of Armaments and Munitions, without being a branch of this ministry in any way. The position of the chairman was an honorary office."

I n 1941, with the support of the II unition program, the armaments companies began to Ministry to intervene in the technical and qualitative aspects of armaments. On 21 J une 194 l, Todt formed the ministry's first "development commission", the so-called Panzerkommission, headed by Ferdinand Porsche, the chairman of the Y olkswagenwerk board. The members of the Wehrmacht in this commission were already outnumbered by the representatives of the armaments industry and Todt's envoys. The corporations were represented by their leading directors, designers and engineers. This commission was to examine the army's demands for new designs and redesigns for their "most appropriate technical and manufacturing design". All applications were to be submitted to the II ommission "for preliminary co-examination in the sense of a simplified, performance-enhancing completion". *' The t'ehrniacht had to subordinate its type requests to the decisions of the Commission; it was increasingly restricted in its ability to design its own types. "The requirements of the \'ehrniacht were initially to be sifted out by the development commissions,

S4 'lf *ilward, Alan S.,* Fritz Todt, pp. 48f. In Milward's information on the selection of the chairmen (taken from Speer's statements and reports after 1945), the apology of the system becomes **transparent** (ibid.).

84 a Order by Todt and Gen. Fritz Fromm, Chief of Army Armament and Commander of the German Army, on the formation of a tank commission, June 21, 19s1, cited in: A nniomie *des* xriege4, op. cit. No. 164.

which had to achieve as much standardization as possible in order to limit the number of different development projects. ... In future, no two companies should be allowed to develop the same tank at the same time."<

The activity of these state monopolistic institutions only came to full economic effect later, when the trend towards the highest centralization of state monopolistic power reached a new, higher level under Todt's successor Speer. A detailed economic analysis will have to be carried out when examining this period.

Todt served as minister for almost two years. During this time, his ministry by no means occupied the dominant position that it later held under Speer's leadership after Todt's fatal airplane accident. This circumstance was closely linked to the complicated, changing situation in which German imperialism found itself in 1940 and 1941. The constant \\'change in war economic strategy, in particular the repeatedly ordered

"re-equipping", and the respective military-foreign policy situation influenced the development and activities of the new authority just as much as the domestic political situation, in particular the balance of **power** between the various monopoly and state-monopoly groupings.

Nevertheless, the establishment of this authority was an important step on the \Yege to extremely centralized forms of state monopolistic regulation. In terms of its function and structure, the ministry was already the nucleus for Speer's later all-powerful armaments ministry. ' Todt had already removed the greatest obstacles to this extreme concentration of power. In a certain sense, he took upon himself the necessary conflicts with the other state-monopoly groupings. These conflicts were necessary both as a conditio sine qua non for the implementation of the trend towards centralization, which objectively imposed itself on the regime, and in the sense of the inevitability of clashes with the other groupings.

Todt's election as minister already pointed to a tactical compromise prepared by Göring in the face of pressure from the leading monopolies. Todt was a senior party functionary; at the same time, he was regarded as one of the - sparsely sown - leading fascists who were familiar with technical and economic organizational issues in industry. His function was to secure the material equipment of the fascist military machine (initially only with ammunition) by means of new regulatory powers vis-à-vis the \\'irtscliaft, but at the same time to replace the OK\'s \\'ehrwirtschafts- und Rüstungsamt\' with a more effective one,

85 *Milward, Alan S.,* Fritz Todt, p. 49 f.

86 cf. Speer's testimony in cross-examination in Nuremberg, June 19, 1946, *IM T,* vol. 16, S. 478.

87 This was emphasized for the first time and emphatically by Milward (ff ifn'erd, *Alan S.,* Kriegswirtschaft, p. 55ß. ; derssf6e, Fritz Todt, p. 43f., 50).

88 s. p. 118 et seq. of the previous work.

to replace, or at least supplement, the monopolies' sacliverstöndigeri apparatus and to reduce its inadequately filled competencies. Therefore, neither an officer nor a monopolist could be considered for this post. It was also not advisable to appoint a monopoly representative directly, in view of the clashes of interests and infighting within monopoly capital and for reasons of social demagogy. Thomas quoted one of Hitler's characteristic arguments in favor of Todt: "A businessman and party man has completely different possibilities than an officer. They cannot be expected to use tricks like the former." The relationship between the criminals in the struggle of interests was such that a party man with political influence and support like Todt, who was also an "expert", a technician and organizer and had even achieved a certain popularity, was best suited as the head of the new state monopoly power apparatus.

This tactic ultimately had an effect that was hardly foreseen by its initiators. It gave Tod t a relatively large scope for independent action, considerable clout in the aforementioned disputes and significant opportunities to expand his sphere of influence, especially if and as long as he could rely on a strong group of monopolies. Göring's statement at the Nuremberg Trial that the new ministry, created a t his own "emphatic suggestion", was initially intended to be no more than a "pure munitions ministry" seems credible. Göring's intention was by no m e a n s to help pave the way that would lead to the erosion and eventual end of his own position as economic dictator; he intended to a p p o i n t another special or general plenipotentiary under his overall supervision, just as he had appointed numerous others over the years.

It did not take long, however, before not only Keitel and Thomas but also Göring felt that Todt's function and influence were too powerful and realized that their state monopoly and armaments policy spheres of influence were being seriously curtailed. Both Keitel and Göring, apparently independently of each other, sought an explanation for this in "secret agreements between Todt and the Führer"®*, which they suspected existed.

Todt had to fight fierce battles with the O KW's Y'ehrwirtschafts- und Rüstungsamt and the Heeres- waffenamt i n particular, and these disputes also revealed his growing influence on the war economy. In April 19fi0 Thomas was already discussing with

89 *Thomas,* Georg, Geschichte, p. 511, recording Obst. Jansen after Thomas' speech to the armaments inspectors, March 29, 19fi0.

90 Yerhör Göring, March 16, 19fi6, *IM T,* vol. 9, p. 62S.

91 **Thomas'** file note **on his** lecture to Keitel on Apr. 26, 19fi0, *14ä6- PS,* p. 216 ; Mit'vnrd, Ami 6 , Fritz Todt, p . 46. ßlilw axd even speaks of an "enmity" **between** G8ring **and** Todt (ibid. ; according to Speer's statements).

Keitel "the question of a possible dissolution of the office", which Keitel rejected.*2 In August 19fi0, fierce attacks by the V'ehrmachtsste1len can be registered, above all against the newly abused central authority of his ministry (defense committees, U'ehrkreisbeauftragte), which were reflected in the minutes of a meeting of the head of office with Thomas. "At the moment, there is a lack of clarity in the industry regarding the authority to issue orders," Thomas emphasized in his speech, sharply opposing Todt's measures and the powers that the Ministry of Munitions was taking over: "I state: a) The orders are issued by the armaments inspectorates (not, for example, by the heads of the armaments committees). b) The Minister of Munitions is responsible for implementation. c) The control of armaments and the re-equipping of industry is *his* right. The purpose of forming a munitions ministry was to increase production and maintain close ties with industry. Todt had set up the armaments committees for this purpose. There was hardly any major change in the field of munitions production. The self-organization of the industry (makes) only paperwork. The management measures are none of the armaments committees' business*3, they only have to deal with the technical implementation. "**

I n the ensuing debate, the newly appointed head of the Army Weapons Office, General Emil Leeb , was particularly radical. He pointed out "that the chairmen of the armaments committees receive the orders for the industry earlier than the armaments inspectorates, asks Thomas to work towards the *disappearance of the Ministry of Munili- on,* that armaments committees submit proposals to the armaments inspectorates, (which) ultimately have the decision. Decisions and distribution must only be based on military considerations, not on the wishes of corporations and the like."

In the following period, the general state monopolistic position of the grouping around Todt and his ministry must have become weaker. The changes in the arms industry after the German-French war and after the invasion of the Soviet Union must have contributed to this, as did the party hierarchy's adherence to some peacetime forms of production ("peace buildings") and economic policy. One of the most important causes, however, was undoubtedly the fact that the monopolies, after the "Blitgsiegen" in the V'esten in the support and significant cooperation in the

92 **Thomas' file note on his presentation to** Keitel on Apr. 26, 1940, *14ü6- PS,* p. 216. **This refers to** the **Defense Industry** and **Armaments Office** of the 0 KW.

93 In the actual **referendum,** this paesus read: "Leadership tasks are none of this organization's business." (p. 181; see **note 9fi).**

94 According to the text of the minutes, 15th platoon l9fi0, ***1456- PS,*** p. 186. My emphasis - D. E. - In the **text of the report,** which **is also available,** the content **is** the same (ibid., p. **179 ß.)**; in the **minutes**, **however,** the **attacks on** the Ministry of Munitions are **sometimes sharper,** but **less** detailed.

95 Leeb's predecessor, General Karl Emil Becker, had committed suicide **shortly beforehand.**

96 Minutes, 15. 8. l9fi0, *14ü6- PS,* p. 187. my emphasis - D. E.

97 s. Chapter V.

I(urse Todts became more lukewarm, as they saw essential war aims being achieved and were already largely prepared for "peace planning". However, supporting the Ministry of Munitions and expanding Todt's system meant initiating the economic "transition from blitzkrieg to planning for a long war". Under the current circumstances, the leading monopolies could only make this decision with half a heart.

This situation was only to change fundamentally after the heavy, sobering counterattacks of the Soviet troops before Moscow in December 1941 and in view of the first major offensive of the Soviet army. By this time, however, essential organizational preparations had already been made and important experience had been gained. In tenacious and bitter group and clique struggles, the way had been paved for an unprecedented neutralization of the economic regulatory power and for an accelerated structural change in the state-monopoly mechanism of the German war economy. The large monopolies had already been rehearsing their role in this change of scene for a long time. Following a generally valid tendency in the development of state-monopoly capitalism, they themselves took over the management of the state-monopoly mechanism with the growing centralization of state-monopoly power and the increasing totality of war-economic planning and control, controlling it more and more directly through representatives of the giant corporations and monopoly associations.

d) The boundary of the Aeicfirereinigunging *Kolde*

The nature of the changes taking place in the state monopoly apparatus was no less clear at the Reich Coal Association (RV K), founded in the spring of 1941, than at the Reich Ministry of Armaments and Munitions.

Although the statutes of the RV K dated April 21, 1941 *< and Funk's ruling on its legal capacity as a public corporation dated the same date

Datujjj 04 came into force on May 1 , it had already existed de facto since March 3,

The day its foundation was approved by **GöringK2 in** March, it took its first measures and circulated its first circulars.

Before the RVK was founded, several state monopolistic institutions (official and non-official) exerted a decisive influence on the coal industry and coal mining, above all the Reich Ministry of Economics and its subordinate Reich Coal Office, the Four-Year Plan Organization and, in particular, the coal industry association set up by the Reich Ministry of Economics.

98 s. Chapter IÄ'.

99 *Mil 'ard, Alan S.,* Fritz Todt, p. 50. Elsewhere: "Transition from a Blitzkrieg economy to a total war economy" (ibid., p. 43).

100 Doc. NI-3511, "Satzung der Reichsvereinigung Kohle", printed in : *Case 5, op.* cit, p. 136g.

10 l Doc. N I-3511, "Anordnung über die Reichsvereimgung Kohle", printed ibid. a, p. 139f-

102 Doc. N I-4151, Göring's decree, ibid. ibid. p. 1351.

Göring appointed the Reiehskohlenkommissar and the Wirtsehaftsgruppe Bergbau. Since 1939, considerable and growing regulatory power had been concentrated in the hands of Paul Vr alter, a protégé of Göring and Ley, who was "Commissioner for Increasing Mining Performance" and at the same time Reich Commissioner and head of the Reichsstelle liohle. The large mining companies and their syndicates exerted direct influence on general economic policy p r i m a r i l y through the economic group.

After the formation of the RV K, however, all the decisive functions were united in the hands of the Presidium and the Chairman of this new institution. The Reiehskohlen kommissar no longer existed as an authority. Göring had once again transferred all the powers of the four-year plan organization in the coal industry to the Reich Minister of Economics, and he had entrusted the RV K with the "planning and ... The latter had entrusted the RV K with the "planning and implementation of the tasks incumbent on or assigned to the mining and coal trade on its own responsibility" *< and, to this end, had also appointed the chairman of the RV K as ex-officio head of the Reichsstelle I(ohle under the title "Reiehsbeauftragter Kohle". At a stroke, the Presidium of the RV K had become the central institution "which directed the coal industry "* . Its members also headed the central committees for the main areas of work of the Reichsvereinigung. These were

Paul Pleiger (Reiehswerke) "Heinrich U'isselmann (Preußag)	Chairman 1. Deputy Chairman, Transport Technology Committee
'Franz Hay ler (Reichsgruppe Handel)	2. Deputy Chairman, Coal Trade Committee Coal-Chemistry Committee
'Gustav Enepper (\'ereinigte Stahlwerke) Ernst Tengelmann (Flick)	" Syndicate issues " Coking plant and gas
*Ernst Buskühl (Flick) Edmund Tobies (VI AG ; Ostelbisches Braurikohlensyndikat)	" Energy industry " Performance enhancement
'Hermann \¥inkhaus (Mannesmann) Hubert Siebert (German Labor Front)	" Social issues and DAF
*Rudolf S tahl (Salzdetfurth ; Reichsgruppe I ndustry)	" Legal issues " Export
'Otto Steinbrinck (Vereinigte Stahlwerke) Alfried Erupp	" Organization
*Gustav Brecli t (RlieinbraunJR\\'E ; Rhein. lignite syndicate)	" Coal distribution

103 Doc. **NI-3511, "Order** ...", op. cit. p. 139.

104 Doc. **NI-3342, Aff.** Paul **Pleiger, Jan. 17**, l9fi7, **Case XI, ADB 111** A, DZA **Potsdam,** Case XI, no. 396, p. 20.

Friedrich Flick
'¥Vilhelm Tengelmann (H ibernia)
Herbert Kauert (Vereinigte Stahlwerke)
Fritz (7) Springorum (Hoesch)
'Otto Berve (Schaflgotsch)
Max C. Müller (Berghütt e)
Alfred Pott (Ballestrem)
Günther Falkenhahn (Pless)
Max Palm (Preußag) Walter
Brass *^

With the RV K, the Ruhr monopolies created anew state monopolistic instrument, a kind of coal ministry, which from then on secured the central management of the entire coal industry directly with its own hands and had to perform new, comprehensive economic and economic policy functions: accepting and placing orders, drawing up a production plan or programme, rationalizing mining, planning investments, procuring means of production, building materials for investment buildings and, above all, labour. Coal distribution was also in the hands of Pleiger and the syndicate leaders; for this purpose they used t h e apparatus of the Reich Coal Office. The RV K was the model example of a coercive cartel, as it had been clearly conceived by the monopolies, based on the experiences of the First W o r l d W a r, even before 1933 **° and cast into legal form with precautionary haste in July 1933 It was the prime example of a "total" cartel, maintained by state monopolistic coercion and ruled by the most powerful monopolies in a dictatorial manner.

The background and general reason for the founding of RV K was the increasing tendency towards the centralization of state monopolies, which had been growing for some time.

105 Pfeilern list, ibid., p. 21 - W h e n Göring appointed the Preaadiumß, only the 15 members marked with ' were originally appointed by name (Doc. NI-4151, Göringa decree, March 3, 1941, printed in : *hoff* 5, a. a. 0., p. 135 f.) Of those listed here, the members of the Supervisory Board of the Rheiniseh-Westfalen Coal Syndicate were: Kauert (Chairman), W. Tengelmann (Deputy Chairman), Steinbrinek (Deputy Chairman), Buskühl, Knepper, Krupp, E. Tengeliqann and Winkhaus.

106 The list of presidium members confirmed by Göring (Doc. NI-4151, Göring's decree, March 3, 1941, printed in: f'aff 5, op. cit., p. 135 f.) contained only members of the Ruhr group of coal and steel companies (except Berve), which had pushed through the establishment of RV K. Representatives of the other coal and steel districts were only added later. Representatives of the other coal districts were only later added to the executive committee. In Upper Silesia, the RV ii was given the name "Reiehsvereinigung Ruhr", which shed light on the relationships within the RV K i n general.

107 s. Doc. NI-7990, Aß. Kurt Frhr. v. Schröder, 21. 7. 1947, Case YI, ADB 3, DZA/FS, IG Farben trial, film no. 410.

108 *RGBI.* 1933 I p. 488f., "Gesetz über Errichtung von Zwangskartellen", July 15, 1933.

109 s. f'ningnr, i. ff., DieEntwicklun g des deutschen Monopolkapitala, op. cit. p. 109¡ see also ibid. p. 70 f., 77.

regulatory power. This time it was the oil companies who, under the pressure of the growing demands on the coal industry, were forced to take up state monopolistic positions. Only those in possession of such positions, namely the necessary regulatory powers and means of power, were assured of production and profits and had the necessary workforce, means of production - and not least the spoils of war in the form of factories and mines, raw materials, workers, sales markets and spheres of capital investment.

The coal companies achieved these positions in a rather dramatic way, under the conditions of an increasing struggle of interests between the main state-monopoly groups. Of the many, not always consistent statements and accounts of the formation of the RVK, about the circumstances of which not an iota was leaked to the public, the most detailed and obviously the most truthful comes from Paul Pleiger, its chairman. It provides a lot of information about the underlying conflicts of interest and important clues as to the actual, specific reasons for this foundation. Pleiger went into great detail:

"1. without consulting the wages committee of the coal industry, Göring had

In the spring of 1939, the German mining industry issued a wage order bearing his name. The coal industry asked for the wage scale to be changed. However, Göring believed that he could not justify this for reasons of prestige. The resulting tensions led to G öring appointing \\'a1ter as Reich Coal Commissioner in the summer of 1939 at Ley's suggestion.

2. . . His appointment was made in such a w a y that V alter did not report directly to the Minister for Economic Affairs, in this case the Minister for Economic Affairs, but directly to G öring.

According to his repeated statements, he was striving for a mining ministry (supported by Ley) and, as a final goal, for the German coal industry to be \'nationalized.

... In order to be able to assess the complex interrelationships of the German coal industry and its \'distributor organizations, one must have great expertise, based on many years of experience, if one does not listen to the advice of the specialist minister, as was often the case with Göring. This fact was largely exploited by D'alter, who abused his position. So it is only understandable that the tensions between Göring and the leading men of the German colonial economy grew stronger and stronger.

3. . A press release from the Reich Coal Commissioner stating that the East Elbe Lignite Syndicate was to be dissolved, for which he h a d obtained a special power of attorney from Göring without consulting the parties involved, prompted the head of the Mining Yt irtschaftsgruppe Bergbau, Yt'isselmann, to invite the leading men in the coal industry to a meeting. An objection was to be raised against V'alters' \'procedure.

4. ... There were ... about 20-30 coal industry representatives, who represented the majority of coal production and distribution, were present. It was decided to lodge a strong protest with a commission to the Reich Minister of Economics, Funk, against the attitude, measures and accusations of \Yalter. However, the presentation to Funk revealed that, as Reich Minister of Economics and Minister of Facilitation, he had no opportunity to p r o v i d e effective help to the mining industry, as \\'alter was directly subordinate to Göring and not to him. A performance on his part and on Göring's part alone could have had an x or-
   would bring temporary relief and relaxation, but \Yalter would break out again at the first opportunity.
   In view of this observation, there was nothing left for us to do but to attempt to obtain Göring's dismissal in a meeting, even at the risk of causing an open break with Göring. This meeting, requested by Funk and brought about with the support of Eörner, took place with Göring in the chair.
5. The coal industry, u n d e r the leadership of Fun k, entrusted Ernst Tengelmann. Tobies, \¥isselmann, Buskühl, Pleiger and so on. It was a tough, very heated meeting. \S'alter tried to blame the coal industry for his failure by making untrue claims, accusations and allegations.
   to do so. However, his attempts at justification were refuted and evidence for his failure was largely refuted. I n this meeting
   \\'alter had not yet been recalled. This only happened a few days later. Göring had become aware of the seriousness of the situation due to the serious ideas of the I(oal economists and the Reich Economics Minister Funk.
6. He now demanded that all miners take full personal responsibility for the smooth functioning of the entire German coal industry, with all the resulting itonsc¡uences during t h e war.
   He accepted the \'or proposal to reinstate the Ikolilen economy to the Reich Minister of Economics as a specialist minister and instructed Funk to initiate the necessary measures to secure its continuation.
7. ... The organization plan and the statute (the 11\"E - D. E.) were approved x by Göring. The men of the Presidium xv were confirmed with express reference to their personal \'responsibility.
   This is how the Ileiclisx ereini¡;ung liohle came into being." **0

The initiative of the htonopolies and their systematic \'organizing\' have been successful. \\'oclien beforehand, the leading lion groups had negotiated the basic as well a s the organizational and personnel issues among themselves.*** Their

1t0 Doc. NI-3498, **Ail. Pleiger,** 21 San. 1947, Case XI, ADB 111 A, DZA Potsdam, Case XI, No. 396, pp. 24 ff. The meeting with Göring described above took place on Feb. 27, 1941. According to the minutes of the meeting (Bundesarchiv Koblenz, R 7 I I, No. 653), the **following** group representatives t o o k **part in** addition to Pleiger**: Tengelmann, Wisselmann,** Alfried Krupp, **Flick,** Steinbrinck, Tobies and Brecht. - In the source **always** Walther **instead of correctly: Walter.**

111 See, for example, dke Doc. N I-4 155 and N I -4156, file notes from the Flick Group of 1?*. Feb. and Feb. 26, 1941, printed in : *Fall ö, a.* -. 0., p. 130 ff.

After fierce disputes, the concept prevailed in a matter that was extremely important for the war economy, but also for the internal structure of the regime was informative at all. Even if, following the basic line apologetic of bourgeois historiography, a confrontation

If we were to make a comparison between "industry" and "party", the monopolies would undeniably have prevailed against the "party" (Göring, Ley, Paul Y'alter, various leaders of the government, whose support U'alter had). The actual connections in this conflict will be discussed later.

However, the specific causes of the coal and steel companies' struggle to establish the R* K are only vaguely revealed in the report cited. The RV K was in no way an ad hoc committee to defend against state capitalist tendencies. Rather, it had been carefully planned for a long time as a powerful state monopoly instrument of the corporations to achieve their long-term and prospective goals. These goals were adapted to the conditions of war, but were all subordinated to maximum profit - as the main goal. In the language of the company, they were called increasing performance, increasing sales, planning the European coal industry, cooperation in all major coal-based projects, ensuring discipline *** and meant squeezing the highest performance out of a sufficient number of cheap workers, total control over the coal empire in occupied Europe and over the further spoils still to be expected, the tightest monopoly on the markets and corresponding sales prices.

The first measures of the RVK immediately shed light on these goals of the coal and steel companies and thus also on the motives that had prompted them to form the RVK.

On March 29, 194 l, Pleiger, as Reich Coal Commissioner, issued an urgent, secret order "in agreement with the presidium of the Reich Coal Association", according to which "for reasons crucial to the war" J5000 Upper Silesian miners "for a period of about three months, calculated from April 194 J", were to be placed in the Rhenish-Westphalian coal reserves. The first transport was to be completed by April 5.[113] This request to the Upper Silesian mining companies had to be repeated three weeks later in view of their apparent reluctance to comply, especially since, *'as Pleiger's new letter stated, the "supply situation in the Upper Silesian mining industry was already in a good state of repair.

\"company will continue to decline until the beginning of Älai." The action should be completed by May 6.***

This first i\4 action of the new rice commissioner and the RM'K was a part 'ler \'preparation for the war against the Soviet Union. The

112 cf. doc. NI-4156, ibid. ibid. p. 132 ; cf. doc. NI-4155, ibid. ibid., p. 130 f.

113 Doc. NG-5697, Pleiger's order of **March** 29, i941, Case XI, ADB 163, DZA Potsdam, Case XI, No. fi55, p. 64 f. See also WAP Katowice, Obersehlesischer Berg- und Hüttenmännischer Yercin, Gleiwitz, no. 19.

114 ÄYAP Katowice, a. a. 0., No. 19, telex from the Reich Commissioner for Coal to the Upper Silesia District Group of the Mining Economic Group, April 18, 19fi1.

The parties involved were no doubt fully aware of this. This leads to the conclusion that the prospects of a future immense spoils of war in the East and the intention of being equipped with **a** strong and unified state monopoly organization when the "big cake" was divided up **had** already been one of the guiding principles of the corporations when the RVK was founded. l mmerhin had one of their most important programme points for this foundation

"Planning the European coal industry" or "Planning the distribution of coal in Europe after the end of the war".**^ It can also be regarded as proven that since the founding of the RVK, the coal and steel companies have been planning the imminent great raid on the Soviet Union with increasing feverishness and comprehensiveness.***

On May 13, Pleiger explained a t length to the head of O K\\', Keitel, the difficulties that would arise for the coal industry as a result of the large-scale retractions **taking place** at the time. At the end of his emphatically pessimistic description, he called for foreign workers to replace the miners who had been brought in; however, these should primarily be skilled workers from whom higher performance could b e obtained than had previously been possible from foreign workers. He did not agree that, at Göring's behest, all future prisoners of war should be put to work in agriculture ***, and concluded his urgent ideas by demanding: " It seems essential t o me ... to ensure that the skilled workers among the prisoners of war a r e immediately put at the disposal of the mining industry." **8

In addition to the hidden polemic against Göring's labor recruitment policy, this letter contained a clear hint for Keitel to keep an eye on the mining industry's \\'wishes for captive labor, especially miners, in the foreseeable future - and this future was, as everyone knows, the planned invasion of the Soviet Union !

Increased squeezing of the German labor force and the general

Raising profits through price increases **were, if** not specific motives for the founding of the RVK, at least declared goals of the monopolies and the main areas of activity of the RVK's Presidium and its **Chairman.**

On April 22, 1941, the day after the official founding of the RI'E, a meeting of leading coal magnates took place at Pleiger's. At this **meeting,** "the **gentlemen** recommended to **Mr. Pleiger** the **regular** introduction of Sunday and public holiday work. It was decided in principle that mining would take place on the 1st of älai and on Ascension Day. On the two Whitsun holidays, the promotion is to be suspended, but the loss of Whitsun Monday is to be compensated for on an additional Sunday in **May. -** In addition, in principle

115 s. Doc. *N* I-4156 and *N* I-6 *I XS,* file notes from the Flick Group, Feb. 26 and Feb. 12, 1941, printed in : *Fall ü,* op. cit., pp. 132, 130.

116 s. C apter V.

117 See also Chapter II.

118 Doc. N I- 1246, Pleiger to Keitel, t3. Mat t96 t, case XI, ADB 111 A, DZA Potsdam, Case XI, No. 396, pp. 108ff. (117).

be promoted on a Sunday in every Alonat." *** In the I "Iotiz of April 2fi. April for Flick on the meeting also states: "The corresponding ordinance o n compulsory work on Sundays and public holidays in mining w a s published yesterday in the Reichsgesetzbla tt by the Reich Ministry of Labor."

Soon after the RM'K was founded, soundings for a general increase in the price of coal also began. The Reichsgruppe I ndustrie and in particular its leader ÄYilhelm Zangen had long been in favor of price increases for the

"U rproduktion"; Zangen had repeatedly spoken and written of the "danger of neglecting the primary production industry".*2* \i'ß But while Zangen generally fought against § 22 K\\'VO '[22], Pleiger, as chairman of the RV K, took up the demand for higher prices for coal mining and vigorously defended it in the following period, until he was told to do so by Hitler himself.

a new price regulation was promised for the year 1943" was announced. The immediate reason for the founding of the RV K was the initiative of Paul ÄÄ'a1ters, the Reich Coal Commissioner at the time, head of the Reich Coal Office and "commissioner for increasing performance in mining", against the coal companies.

\Yalter had ambitious plans t h a t w e r e certainly capable of inciting the colliery owners to outrage. These plans are not known in detail; Nalter's draft for the "socialization" law has not yet been found. Nevertheless, U'a1ter was already taking steps to dissolve the East Elbe Lignite Syndicate and was even planning to break up the largest and oldest stronghold of German monopoly capital, the Rhenish-D "estphalian Coal Syndicate, and to organize the

{to regulate the entire coal industry through a separate mining ministry. According to Krupp, this w a s the key point of his draft law, which was to

Eonzernherren in harness. Moreover, ÄValter also had his own

\'orste1lungen von der "Neuordnung" der europäischen Kohlenwirtschaft nach I(rriegsende already fixiert und schriftlich dem O K\\' (!) übermittelt.*

The coal and steel companies, with the support of Funk, operated with their most stubborn ideological monkeys. The nationalization pltine, they argued,

119 Doc. N **I-5663,** Case V, note **from** Bernhard **Weiß** for Flick, 24. 4. **i9fi i, quoted** from: *Drobisch,* Jffotis, Die Ausbeutung ausländischer Arbeitskräfte im Flick- **Konzern** während des **zweiten Weltkrieges,** op. cit. p. 108.

120 Doc. N I-5663, loc. cit. - This finding cannot be verified.

121 For example in the "Bergo'erfts-Zeitung", Sept. 21/22, 1940.

122 § Section 22 (ff.) of the War Economy Ordinance of Sept. 4**, 1939** contained **price freeze provisions** for the **war period,** *RGBI.* **1939** I p. **i609.**

t23 Doc. N I-4508 (F), Minutes (Flicks) of the meeting of the Presidium of the Reich Iron **Association**, Aug. 21, i942, printed in : *Fall ö,* op. cit. p. i68. In 194l, the discussion about price increases had apparently temporarily f a d e d i n t o the background in view of the appearance and effects of the dividend freeze ordinance. The next **year,** RV E and RVE **joined forces to pursue** the old goal.

12 ' Doc. Pleiger-402 a, Afl. Alfried **Krupp,** June 20, 1947 (also in case X, ADB 3 A), case X I, VDB Pleiger no. 12, DZA Potsdam, case XI, no. 72fi, p. 85.

127' s. Doc. N I-4155, **memorandum by** Bernhard **Weiß** for **Flick,** Feb. **12,** l9fi i, printed in : *Fett -5,* op. c i t . p. 130.

meant socialization, were Bolshevik.**° Such an "accusation", made under massive threats and with the necessary vehemence, had the anticipated effect.

The monopoly representatives' talk of socialization and Bolshevism was a tactical manoeuvre; but in the background of this tactic was a problem that they took very seriously. The conflict over U'alter was by no means an episode; it was about more than the mere occasion for the founding of the RV K. The roots of these disputes lay deeper, bound up in the dilemma of state-monopoly competition between the monopoly groups.

With their successful advance, the hlontan companies made up a considerable amount of the ground that the GöringJ IG-Farben group had gained in the struggle for state-monopoly power positions. The GöringJ IG-Farben grouping, on the other hand, failed in its apparent attempt to extend its state-monopoly dictatorship to the coal and steel industry. The success of their plans would have put an end to the already historic rivalry between the monopoly groups of the chemical, electrical and iron and steel industries in favor of the former. For the first time since the beginning of the war, the main antagonisms between the two largest and most important monopoly groups came to light.**7

Since the beginning of the Four-Year Plan (1936), the state monopoly position of the chemical group had grown ever stronger and had reached its peak with the formation of the Reich Office for Economic Expansion.*> The position of the coal, iron and steel group, on the other hand, had been weakened since the disputes over the Four-Year Plan, particularly by the iionfiic t surrounding the founding of the Hermann Göring-Werke. The group around Göring and Krauch had taken advantage of this situation shortly before the start of the war to further undermine the positions of the coal and steel companies through direct official intervention (Göring decree, appointment of a Reich coal commissioner) and to directly seize the most important regulatory powers in the field of coal mining and coal management. A significant involvement of the IG Farben Group in these processes can be inferred from the harsh criticism with which Krauch attacked the coal producers and especially the coal syndicates before the General Council of the Four-Year Plan in April 1939.

126 s. Doc. N I-4156, **memorandum** from the Flick Group, Feb. 26, 1941, printed ibid, p. 133; see also Doc. Pleiger-403, Aß. Friedrich Flick, Jan. 21, 1948, Case XI, VDB Pleiger No. 12, DZA Potsdam, Case XI, No. 724, p. 91.

127 On the nature and problems of monopolistic groupings, see most recently *Schröder, Alfred,* Einige methodologische Fragen der Entstehung und Entwicklung monopolistischer Gruppierungen in Deutschland (in the following: **Gruppierungen), in** : JWG 1966, T. 6, p. 126 ß. **See also iiChapter** IV.

J28 See also Chapters I and III.

129 s. Doc. EC-282, Working Report of the Plenipotentiary General for Special Issues of the Chemical Industry. production before the General Council of the Four-Year Plan, April 28, 1939, draft v. 20/21 Apr., Case XI, ADB 119, DZA Potsdam, Case XI, No. 408, pp. 32 ff., 53 ff.

However, \)'alter could not have conceived, let alone implemented, his measures against the 'eJontan corporations, especially the nationalization plans, without having secured the necessary support from Göring and his key economic advisors. The \"nationalization plans in particular already had historical precedents, the closer examination of which always proved the chemical/electrical industry grouping to be the spiritus rector.*

With their energetic action, the Ruhr magnates thwarted the policy of the Göring-IG bloc at a time when they could no longer accept the given balance of power. They took advantage of the opportunities that the Reichskohlenkommissar gave himself and his backers to follow the general trend towards strengthening and centralizing the state monopoly's regulatory power in a direction that was in the interests of both the public regulation of the war economy and the regulation of their own professional relations. I n the form of the RY K, they established a new state-monopoly instrument that was in many respects on a par with Krauch's Reichsam t. Never before had there been such a high degree of state monopolistic control in the German coal industry, and never before had the German coal monopolies had such a tight, uniform and strong state monopolistic organization as the RYK.

Last but not least, the clever tactics of the mine owners, to which they owed a good part of their resounding success, also deserve attention. A particularly effective full tactical move w a s to win Paul Pleiger for the post of chairman of RV K and to propose him to Göring.[131] Pleiger, then fi1 years old, was a unscrupulous, energetic manager with a great party reputation. Having started out as a small capitalist entrepreneur - owner of a mechanical engineering company in the Westphalian mining district that manufactured mining equipment - he quickly rose to the position of Gau economic advisor (1935). Some time later, as an authorized representative of Göring in the realization of the Salzgitter project (Jpü ter Hermann-Göring-\\'erke), he temporarily found himself in the position of an opponent of leading Ruhr companies. From those years onwards, he had a reputation among a number of 8fontan lords for being an opponent of the monopolies and especially the syndicates; instead, he was regarded as a Protector of small and medium-sized (family) businesses and even as a workers' friend.[132]

\\'How quickly and thoroughly Pleiger purged himself of this odor was shown by the events surrounding the founding of the RVK. His state monopolist activities during the war bore vivid witness to the fact that he, as General Director of the Göring-

130 s. *Gossi+'eiber, K url,* Die Rolle des Monopolkapitals, 20fi d. ; see also ibid. ibid., p. 13fi ff. ; *Volk-* fnnd, *Gerhard,* Hintergründe und politische Auswirkungen der Gelsenkirchen-Affäre im Jahre 1932, in : ZfG, H. 2/1963, p. 289 ff., bsd. p. 297 ff.

131 This is also noted by *Schweilzer, Arthur,* Business Power **under** the **Nazi** Regime, op. cit, P. fi25.

132 cf. **doc.** Pleiger-10, Aff. **Heinrich Hanholz,** March 25, 19fi8, Case XI, YDB Pleiger No. 2, D ZA Potsdam, Case XI, No. 711, Bl. 18fI. See **also Doc. Pleiger-6, Pleiger-7 used, ibid.**

group itself into the ranks of the rulers of giant monopolies, a loyal paladin and knowledgeable supporter of the Ruhr monopolies. "Pleiger laid the greatest

\\Speer testified that he was "keen to carry out his work in good consultation with the members of the Executive Committee. ... According to what Plein'er told me, he had the unconditional trust of the coal industry, especially in the Ruhr region." The monopolists also gave him the best possible testimonial in this respect. *> They particularly credited him w i t h being a fierce opponent of nationalization. "Pleiger h a s rendered great service t o the preservation of the private sector character of coal mining," Flick attested to him in Nuremberg; and Pleiger himself went on record as one of the most important reasons why he accepted the post of chairman of the RÄ'E: "I wanted to clear myself of the accusation that I was practicing state capitalism." *> A remarkable position for the head of Germany's largest state-owned corporation!

The launch of Pleiger as chairman of the RV K had to a certain extent deprived the colossus of the Reichswerke in particular of its outsider existence as a state-owned company, which was uncomfortable and not dangerous for the R uhrkonzern. It was now integrated into the new state monopoly regulatory system. \\Pleiger's relationships with Göring, who was beholden to him, and with various Gauleiters and other party offices offered further important tactical advantages. Finally, Pleiq-er was able to take a relatively impartial stance in conflicts of interest between the large private oil companies and thus strengthen the moments of their cohesion.

Pleiger certainly remained a native of the old Eohl kings, a mixture of upstart and outsider; some of them were slow to let go of their long-standing resentment against him. But his managerial qualities and his political weight made him an ideal state monopolist functionary, so to speak, just as they needed him: politically, economically (according to his monopolist function) and economically organizationally equally x-on great clout. They gave him reliable men at his side, and he functioned to their complete satisfaction until the end of the war.

To summarize, the founding of the RÄ'K was of exemplary importance in several respects. Firstly, it was an important step towards

133 Interrogation Speer, Oct. 8, **1947,** case **\', protocol,** p. 8846, 8840, quoted from **case** XI, ADB **111 B,** DZA Potsdam, case XI, N r. **397, p. 185, i83.** See also doc. N I **-5555, Pleiger** to Flick, **Apr. 2, 1941,** Case X I , AD B i i i A, DZA P o t s d a m **,** Case XI, Er. **396, Bl.** 38.

134 s. Case X I, YD B Pleiger No. 12, DZA **Potsdam,** Case X I, No. 724, various Afl. Ygl. also the praise of Pleiger at *Schwerin by Krosigh-, Liit-- G(.,* Es geschah in Deutschland, op. cit., p. 29 i ff.

135 Doc. Pleiger-403, Aff. Flick, 2 i. Jan. 1948, Case XI, Y DB Pleiger No. i2, DZA Potsil am, Case XI, No. 724, Bl. 93.

136 Doc. N I-3342, Aff. Pleiger, t7. J an. tS*i'7, case fi I, ADB **111** A, **DZA Potsdam, case** XI, Er. 3SG, Bl. 19.

new, extreme forms of state-monopoly regulation under wartime economic conditions. Secondly, leading representatives of the largest lVtonopolies took over the direct management of the newly created state monopoly apparatus. Finally, thirdly, it revealed particularly deep antagonisms within the ruling class, which, fought out in often bitter group and clique struggles, were a constitutive element of the state m o n o p o l y mechanism and at the same time a \'ehicle' of its s i n i s t e r change ("ü'egierung").

The first phase of expansion of the German monopolies in Europe

1. Characteristics of the expansion of German monopoly capital

The economic domination and exploitation of the countries to be conquered - just like the forced labor of foreign workers - had been a fixed part of the fascists' war plans for some time x-or clem lirieg and was factored into their blitzkrieg strategy. It was a tool of German financial capital, intended to help lead and win this war for heq-emony in the \\'world.

At the same time, it was the essential purpose of the war. The aim was to redistribute the riches of the \\'world to the benefit of German imperialism, to create "living space" for German blocopolies in the form of land shiit zes and liin'lies as well as patents and inventions, factories, smelters and mines and other production sites and
-of capital investment spliiirs and sales markets, of raw materials and labor.

a) The -w-ile f'rrsucli of the ileutsclieri 1loiioyole to the gen'o/tsomen *Ä'etiou/Jeiltirip of hrlt*

The domination of Europe and especially of the \\'elt had already been the declared goal of the 'len tsche 41onopolies during the first \\'elt war. [2] After Seiller's heavy defeat, German imperialism soon proved to be more reac- tionary and aggressive than ever. Already shortchanged since the 19th century in the distribution of the world's wealth, it now saw itself thrown back even more, "disadvantaged", as it is called in imperialist language. The goal of the \ \ 'ietler- was added to the overcame urge to divide the \\'alt.

1 s. Chapter II.

2 s. *Kutsche, W illibald,* First Europe - and then the world. Problems of the war aims policy of German imperialism in the First World War, in : ZfG, H. 5/1964, p. 745 ff. ; *Fischer, Fritz,* Griff nach der \Ye1tinanht. Die Eriegszielpoliti k des kaiserlichen Deutschland 1914-1918, Düsseldorf 1961 ; Petzold, *Joachim,* Zu einigen Kriegszielen des deutschen .\IonopoIcapital in the First World War, in : ZfG, II. 6/1960, p. 1396 ff.

conquering the sources of profit lost through \'ersailles. After the First World War, his expansionist aims in Eastern Europe took on a new quality. Here, he was no longer concerned with imperialist conquest alone, but with the fight against socialism and for the restoration of imperialism on the territory of the Soviet Union. Anti-communism and anti-Sovietism were added to the traditional aggressiveness of German imperialism as an essential and exacerbating moment.

i\'s flat transfer to the fascist government in 1933 marked the beginning of a new **stage in** its expansionist policy. All lines of imperialist aggression culminated in the rule of fascism. It was he who, as planned, stifled the \\ resistance of German finance capital against the Il war policy at home, especially the \\ resistance of the res-olutionary workers' movement under the leadership of the KPD, in bloody terror and systematically prepared the war abroad in the economic, military, political and ideological fields.

After the rapid and momentous military successes in the first period of the war, especially since the summer of 19fi0, the German monopolies and the fascist Lebensraum politicians and G roßraum ideologues enthusiastically seized the opportunity to accelerate the elaboration of their outline concept of war aims into detailed plans and t o begin its realization. \These plans, many of which took on the most concrete forms as early as the summer of J 940, will be discussed in more detail later. A historical source of the first order, they are themselves a highly important piece of German history, a basis for the revelation of the secret in which the war was born. They provide us with the most striking evidence of the imperialist impertinence o f the German elonopolies, revealing the bloodstained nature of the elonopolies' rule with a rare urgency.

\\'as far as their immediate first goal in the war was concerned, the I>liquidation of the \'ersailles Treaty, the theory of "\\'ieclereroberun¡;" declared in the documents of tler corporations and state monopolist organs had become second nature to the German monopolies. They x acquired the first stage of their "Großxvirtscliaftsraum" I°liine and founded it with it.

The usleq ting of the ore-iiated be{;rifie was now as x icls':hie liti{; and comprehensivecl as the interests of the elonopolies were. For example, the "\\ \ c o n q u e s t " of the German " \Veltgeltunq" meant for tlen IG - l'arben- lionzern the \\'restoration of the absolute color monopoly that it held in the \ \ ' world at the turn of the century. For the oil companies, it meant the re-establishment of their former \\'eltkali monopoly, either by eliminating the \\'elt competition that had emerged in the meantime or at least by the forced merger of producers under German leadership. For the electricity companies, nitrogen producers (especially IG Farben), etc., this meant that the international

3 s. Chapter I.

i'iarte11e and syndicates would finally, once and for all, come under German management - after a corresponding "purge of quotas", of course. For all German monopolies, it meant the immediate transfer of ownership of all "formerly German" enterprises into their hands: the Alsace and Lorraine hIontane and potash industries, the industry in eastern Upper Silesia. It meant the establishment of a large colonial empire and ultimately the "restitution" of all other disadvantages, loss of profits and business obstacles that had arisen from the Ver- sailler system.

Nevertheless, what the German monopolies did under \\'re-conquest¡;
understood, for them only the first step towards \1'world domination. From the very beginning, they had generally welcomed and supported the plans of the Hitler clique, had given them
"primarily" in the East, x'or above all by destroying the Soviet Union, to conquer riches, to create "living space". \It was also impossible to liquidate Marxism once and for all, as was planned, and to secure oneself "forever" from the revolutionary workers' movement if the international center of the revolution was not destroyed.

The thesis of "living space in the East" could also be exploited favorably for external political purposes vis-à-vis the other imperialist states and, with the necessary propagandistic brazenness and volume, was ultimately not without mass rlemagogic effect.

For the time being, the German monopolies were no more able to determine the further steps towards \\'eltherrschaft exactly and in detail in advance than their military, politicians and I deologists. Regardless of this, the most developed and, on a global scale, most powerful II onopolies also had their concept ready for this. As early as 1940, a group of particularly strong, particularly aggressive corporations presented plans in which the European "Greater Economic Area" served as the starting point for continuing the struggle for the \\'el hegemony of German imperialism. They anticipated both periods of "peaceful" competition on the basis of the power positions gained in the ongoing war, as well as new major intercontinental or Y\'elt wars, into which this competition was bound to lead in view of their global imperialist objectives.

Of course, one searches in vain for documents of this kind in bourgeois publications. It is no coincidence that bourgeois literature on the "reorganization" plans of the German monopolies does not exist. These sources are capable of completely dispelling the artificially created fog which, by definition, removes the main war interests and drivers of war from the view and access of the democratic public. All types of bourgeois historiography - apart from the openly (neo-)fascist - are dominated by the ignorant, sterile thesis of Hitler's "more or less isolated conception" (Jacobsen), whose authors and beneficiaries quite obviously speculate on the ignorance of the public. I n Gruehmann's ambitious work, which **even demonstrates** the ideological-historical continuity of the **decades-old** concepts of Central Europe and the fascist Greater Europe of the German Reich, the author and beneficiaries of this work quite obviously speculate on the ignorance of the public.

I mperialism, the monopolies and their expansionist goals play a major role.

-Another author speaks of "imperialism", but only understands this to mean the extreme formulation of the German claim to leadership in the "Greater Space" by the Nazi ideologues. The real imperialist class interests and expansionist programs are not acknowledged here either.*

The newer bourgeois literature already feels compelled to make some concessions and change its tactics under the \\'effect of Marxist publications. Hillgru ber cautiously admits that - among other things - the "\\ irt- schaft" also pursued war aims. He even admits their "insertion into a 'continuity' of German expansionist tendencies as well as into an epochal context".

"partial" justification, but in fact retracts this admission by postulating "the qualitative singularity of Hitler's goals".6 Mason sees German finance capital as a major beneficiary of fascism's "reorganization" policy, but denies that it was its inspirer and initiator. "The fact that big business took an active part in it does not constitute a compelling evidence that their needs and interests underlay this expansion." 7

b} Excursus: The hotiptgrtippings of the hlonopolka pital and the (differences *in their ez pan#ions programs*

Before a first attempt is made below to determine the groupings within German monopoly capital from the point of view of their expansion goals in the Second World War, some methodological preconditions must be noted.

The scientific realization that since the beginning of imperialism t h e r e h a v e b e e n certain, relatively fixed large groupings of monopoly capital, which are not identical with the financial groups or financial capitalist groups already mentioned by Lenin, or need not be identical with them, is becoming increasingly accepted in Marxist historiography. For some time now it has reflected

4 *Gruchmann, Lothor,* National Socialist Greater Spatial Order. The construction of a "German Monroe Doctrine", Stuttgart 1962 ; see also *Klinke, Poul,* Nationalsozialistische Europaideologie, in : VfZ, H. **3/1955,** p. 240 ff.

5 *Bay, **Athim,*** Der nationalsozialistische Gedanke der Großraumwirtschaft und seine ideologischen Grundlagen, wirtschaftswiss. Diss. Erlangen/Nuremberg 1962.

6 2fiffgru6er, *Andreas,* Hitler's Strategy. Politik und K riegführung 1940-1941, Frankfurt a. M. 1965, p. 19 f.

7 *Marian, Tim,* Primacy of Industry? - Eine **Erwiderung,** op. cit., p. **197** ; see also *the same,* Der Primat der Politik - Politik und Wirtschaft im Nationalsozialismus, op. c i t .

8 s. Kuczyrtski, Jürgen, Die Barbarei - extremster Ausdruck der Monopolherrschaft in Deutschland, in : ZfG, H. 7/1961, p. 1484 fl., as well as numerous more recent works by the same author, bsd. Vol. 4, 5, 6 and 16 of his "Geschichte der Lage der Arbeiter unter dem Kapi-

is also more strongly reflected in the political press of the communist and workers' parties. These are groupings to which - taken together - all ecologically and politically really influential monopoly enterprises and monopolized \\'branches of industry are more or less firmly x-linked or affiliated and which are led by the leading monopolies of the most important, economically decisive branches of industry. They are grouped according to production-technological, economic and political points of view, of which the technical-technological ones f o r m the most general basis and cause, the economic ones the decisive specific cause and the political ones the individual motives for their differing views and tactics, measures and actions.

These differences are significant in many ways and can be extremely important for the strategy and tactics of the revolutionary workers' movement. They have obviously become more and more serious over the last fifty years, especially in connection with the development of state-monopoly capitalism, and extend to the economy as well as to politics, to the internal as well as to the external problems of the imperialist countries. Monopoly groupings and increasing group struggle a r e a characteristic feature of imperialism and state-monopoly capitalism.

The division into the two groups of coal, iron and steel and the chemical and electrical industries, which Kuezynski has worked out and thoroughly documented, serves as a general basis for our research. Taken together, these two groups form the core of monopolized industrial capital and, together with the big banks most closely associated with them, r e p r e s e n t the most important group of the monopolistic bourgeoisie that has ruled since the beginning of the imperialist era. The other monopolies, especially the non-ferrous metal companies, the machine-building, airplane and aircraft construction companies, the potash companies, the large shipyards and monopoly shipping companies, are more or less clearly, more or less firmly aligned with them, whereby they can group themselves differently on various economic and political issues. Given the diversity of their origins and development conditions, it will not be possible to draw up a universally valid scheme for assigning them to one or other of the main groups.

The distinction between the two main groups l i e s objectively in the area of productive forces, namely in the difference in their production structure. The objective depth of this difference is one reason for the sharpness and persistence of the conflicts of interest. Previous research on the causes of group interests and group struggle is still thin on the ground compared to the growing literature, w h i c h accepts the existence of ionopoly groups as a fact and examines their economic and political effects and manifestations. And even in the works on their origins

talismus" ; also *Faingar, I. M.,* Die Entwicklung des deutschen Älonopolkapitals. GrundriB, Berlin 1959, p. 85ff.¡ *Gocaw'eiler, Kurt,* Die Rolle des Afonopolkapitals, a. a. 0. ; *£icft*holte, *Dietrich,* Probleme, p. 125 f; *Schröter, Alfred,* **Gruppierungen,** p. 126ß.

The focus of the study is on differences of a specific economic nature, such as raw material base and dependency, sales ratios, international capital interdep- as well as technological and socio-historical differences.

So far, the question of whether the productive forces used or generated by these industries, in their diversity in terms of content, structure and level, form an objective basis for significant differences in economic interests has not b e e n investigated anywhere. The chemical and electrical industries are converters of potentially all materials and energies, whereas the mining companies are only producers of very specific materials and energies linked to specific, limited natural resources (mineral resources). This fundamental difference, in connection with the economic structure of the monopoly, creates different economic interests and different tactics and partial strategic objectives in imperialist politics. The historical genesis of the formations, the differences in their economic (capital structure, type of monopoly formation, etc.) and sociological characteristics (different origins and composition of the founding families; socio-political traditions) ** underline and reinforce the different basic character of the productive forces; the economic distinguishing features u l t i m a t e l y have their \\'root\' in this.

It follows from these theses that a new scientific and technological revolution, such as the one we have seen today since the war, must change the relationships between the two groups significantly and, under certain circumstances, can completely overturn the old group structure in terms of its conditions of existence in a historically more or less short period of time. The beginnings of such a development can be observed in \Yest Germany, for example.

The field of problems outlined here is very broad. The extensive problems of the emergence, development and transformation of monopoly groups can only be roughly formulated here. The thread that is to be taken up and pursued here solely out of a bundle of theoretical and historical questions leads to the explanation of certain differences in the directions of expansion and lines of aggression of the monopoly groups.

According to their productive function as defined above, the chemical and electrical companies are to a certain extent ex professo \ world monopolies. Every major scientific discovery that can be exploited in their field must multiply their field of activity and their opportunities for expansion. Their urge to expand on the \'world market is correspondingly great, incomparably greater than that of the coal and steel companies, and is growing by leaps a n d bounds. This applies above all to \\'arenexport ; but also to capital exports (patent and production licenses, branches and warehouses,

9 s. *Schröder, Al[red,* **Gruppierungen,** p. 128d., bsd. 132 f. ; also *Radandl,* ***Hans/2umpe,*** *Lotte/P mherl, Berlhold,* Zur Rolle des deutschen Monopolkapitals bei der Okkupation im **zweiten Weltkrieg, in** : Bulletin des **Arbeitskreises** "Zweiter Weltkrieg", H. 3/1963, p. hf.

10 These **characteristics** were **first** elaborated in *Schröder, Al[red,* Gruppierungen, a. a. 0.

entire industrial companies, **'ares** and equity loans), at least their share is growing faster than that of the coal and steel grouping (including the engineering companies and armaments companies belonging to the oil tank groups).

\Yet, as far as the dependence on raw materials is concerned, the chemical and electrical industries, as processing industries, are dependent on the supply of a variety of raw materials. However, coal and ore deposits form the basis of existence for the mining companies¡ any depletion of these deposits has a devastating effect on the profit rate given the relatively low organic composition of their capital. Strong foreign dependence on iron ore (Germany) or coal (France) as well as alloy metals and scrap can have a similar effect.

The chemical and electrical industries, on the other hand, even in a country with weak raw material resources, i.e. with a strong dependence on foreign countries, have other possibilities apart from importing to avoid the large number of their productions or to create substitutes themselves. Out of such "necessity", i.e. due to temporary profit calamities and usually simultaneously for armament purposes, entire new branches of industry have emerged: the industry of artificial dyes, the production of synthetic rubber and propellants, synthetic fibers and - especially in Germany - to a certain extent also the production of light metals. The coal and steel industry is not in a position to take a similar approach.

In Germany, the chemical industry had abundant supplies of the most important raw material **for the** entire field of organic chemistry in terms of **quality** in the form of German coal. Coal, however, was the highly monopolized product of the coal and steel companies. This was one of the main reasons why the struggle between the two groups w a s so bitter, especially in Germany. The most difficult raw material problem for the chemical-electrical industry group was the copper problem, which also lent a specific accent to their expansion, especially colonial, efforts.

I n general, the economic interests of the monopoly groups are probably internal, i.e. on the (national) domestic market, and external,

i.e. in foreign trade and capital exports, diverge, but that they need not diverge to the same extent and in the same direction in both areas. The very possibility of such an incongruence of opposites has hitherto been mostly overlooked. **

If one wants to examine the interests of the groups in foreign trade and, in connection with this, the main directions of their economic expansion, this requires knowledge of the foreign trade relations of the groups, their international \ r eflochtenheit, especially in the international monopolies (cartels). However, quantitative analysis is not enough here. Dozens of international conventions and patent pools between electrical

nl An exception is Cossiveifer, *Kurt,* Die Rolle des Monopolkapitals, p. 20fi fi.

The role played by the international monopolies, for example, can be of less importance for these x-on than the crude steel community or the rail cartel alone for the steel companies. Above all, a statement about strong or weaker monopolistic foreign x'eriechtung says nothing about the decisive power relations within the international monopolies, which can be relations of varying degrees of subordination or equality, and nothing about the tendency and speed of change in these relations, which are never completely stable.

German chemical and electrical companies were among the leaders in the dense **network** of inter-

national monopolies were among the fattest and most voracious spiders and, until the Second World War, generally had no rivals to fear other than two or three leading US trusts. If they reached an agreement with these, they jointly dominated the capitalist Y\'eld. The coal and steel companies, on the other hand, already competed vigorously with each other in their own country and were constantly confronted with equally strong and even superior competitors in the international monopolies on a European scale. It was only possible to stand up to the US monopolies to an **extremely limited** extent; the largest German 6fontan group, Vereinigte Stahlwerke AG, was significantly heavily indebted to eIorgan capital for a long time.

Based on these methodological considerations and findings on the nature of the essential differences in the interests of the coal and chemical-electrical industry monopoly groups, the

The war aim programs of these' formations in Germany for the **Second** World War, which also exhibited certain not insignificant differences, are outlined below.

For the first group, the pursuit of natural resources, rich raw materials, conveniently located production sites and the cheapest possible labor to go with them was the predominant goal. Their unbridled "drive to the east" was characteristic. Their main economic strategic goal was the immeasurable wealth of the Soviet Union. ** Poland was on the Y\'ege; the incorporation of Poland - like Czechoslovakia - was, as for all parts of German monopoly capital, especially for this grouping, a "re-conquest". The most important "re-conquest" targets for both groups were in France; the hlontan grouping had particularly indirect "reclamation" interests here. The situation was similar with the colonial interests overseas. In the demand for a huge colonial empire, s ore particularly in Africa, the NE metal companies, the monopoly shipping companies and others joined the Älontan group as having an urgent and direct interest. Overseas, however, this group recognized certain limits to its expansionist ambitions, above all because of the strong dependence of leading companies in the group on US monopolies. England did not need the USA to come into play on the other side. Hjalmar Schacht, the political ez ponent of this group, especially its wing dependent on Morgan Capital, had made up his own mind before the war.

12 For more details, see Chapter V.

American acquaintances several times very o p e n l y in the direction described. [13] During the war, the German hJontan corporations scrambled for the oil companies and mineral resources of the conquered countries, especially Poland and France, and then greedily seized the Soviet Union's riches.

The second group consisted essentially of those highly developed hlonopolies whose main worries were sales and especially export worries, for whom the Clarkt problem was the main problem - on a \world scale. The most solid and leading members of this group were apparently those companies which, as far as their main production areas were concerned, had no very serious raw material problems or had to fear them, but which, on the other hand, already held a powerful, mostly threatened or diminished, but in any case "expandable" monopoly position on the world market: IG-Farben, Zeiss, not quite so firmly Siemen -. AEG, Bosch. These companies were on a higher level of global competition than the coal and steel companies, where the competitive air was particularly rough. Their absolute monopoly position in a large but limited market intensified their fight for the \world market against a handful of foreign monopolies, which also constantly threatened that position.

The ultimate and highest goal of this group was the elimination of competition, especially all export competition (\Yaren and capital exports), and the control of the \Yelt market. The steps on this path were clearly outlined in t h e IG "peace planning" documents, the Zeiss Group's "\Yunsch programs", etc. 1*

The main thrust of the group described above therefore had to be directed at the time and was in fact aimed at the industrially developed countries as the most dangerous competitors and at their markets: at \\les t Europe, including Great Britain with its still enormous \\Weltreichmarkt t, at Japan and the East Asian market which it was expected to dominate, and at the USand its markets, especially in Latin America. Last but not least, the Soviet Union, with its material wealth and potential sales markets, was also seen as a key element in their planning, in which they initially saw the necessary - predominantly ap- rarian - hinterland in economic terms, a part of the "European economic space", the domination of which would sooner or later enable them to conquer other continents and reach a c r o s s oceans.

The exorbitant \Yel therarchy plans of this riippation took on tangible, written form as soon as their old short-term goal of "Central Europe" seemed to have been realized in the summer of 1940, from Bordeau x to Sofia, from the North Cape to Sicily.

There was no isolating dividing wall between the expansion goals of the two groupings - as there was between them. Sources of raw materials, especially natural resources,

13 s. e.g. *Dodd, iYiffi'im* A., Diplomat auf heißem Boden, Berlin 1961, p. fi93, fi2 l fl. ; s. a. Chapter I.

16 More details on this in the next section. Section.

also played a major and apparently increasing role in the plans and objectives of the second grouping - just as the group was characterized by its general and all-encompassing impartiality. Nevertheless, these interests were not as strong, or at least not as strong from the outset, in the \'orcler background of their expansion plans as they were in the coal-iron-steel grouping.

Various far-reaching, even global market interests were also to be found among companies from the latter grouping, particularly interests in the export of agricultural products. One example of this was K rupp as a monopoly supplier of many \\'monkey species, whose keen interest in dominating the East Asian and Latin American clan is well known.

A position between the two groups was apparently occupied by those around their syndicate large companies in the potash industry. These were mining groups which, insofar as they also included potash processing companies, formed a branch of the chemical industry. Holders of a former \\'elt monopoly, they strove to "\\'recapture" their old \\'elt market positions. At the same time, they greedily grabbed other countries' land treasures wherever they could get their hands on them. Their expansion strategy was aimed at taking possession of as many important oil warehouses and production sites in the \\'world as possible. Because of their massive, all-round imperialist interests in German history, the German oil companies and their syndicate were always, especially from 1933 to 1945, at the forefront of the most reactive and aggressive elements of finance capital.

A particularly important problem in this regard is the interests and grouping of the major banks. There is still no thorough work on these hocliburges of financial capital. Without such studies on the big banks in particular, it should be expressly noted, a comprehensive clarification of the problems under discussion is not possible. Here, we can only make a few suggestive remarks. The major banks were and are centers of financial groups that a r e quite heterogeneous in terms of their sector. They were linked to and x-performed with corporations and other large companies of both groups described. They therefore represented the interests of both monopoly groups - not unlike the Potash Syndicate in this respect. During the fascist expansion in Europe, they proved to be the centers of the

Exploitation and oppression of foreign nations (as well as their own), brutal imperialist aggression and a wide-ranging lix pansionism. They were the initiators, conductors tincl E oorclinatoi'en cl of the warlike expansion of lIono

¡Cole (like the "peaceful" ex pansion), hie e onstruc teurs and rl rulers of a i ubiquitous and complicated state monopolistic I nstrumentarium for robbery itnd tuspliincl.

le Gossweiler is undoubtedly right in this respect when he opposes Ituczynski's underestimation of the central, dominant role of the big banks within German finance capital *(Gossweiler, Kurt,* Die Vereinigten Stahl-

A particular accentuation of certain expansion demands, plans and
-This did not exclude the desire for colonialism. All the major banks represented the colonialist aspirations of German imperialism in a concentrated form as hubs of interest in the export of capital. Nonetheless, apart from Deutsche Bank, which had always been a leader in overseas business, Commerzbank, as the leading bank representative of the Hamburg overseas shipping companies and overseas trading firms, the telegraph and potash industries, was particularly active in colonialism.
Deutsche Bank was the center of the colonialist aspirations and plans of German imperialism. It dominated the brain trust of German fascist colonialism, the "Deutsche Gruppe kolonialwirtschaftlicher Unter- nehmungen" (Deko-Gruppe), whose expansion programs will be discussed later. Board member Kurt Weigel was also the eminence grise of the Colonial Policy Office of the Reichsleitung of the NS DAP. **
A highly important problem with regard to the strategic and political decisions in the first period of the war and especially since the summer of 1940 is the role that the Soviet Union played in the war aims program of the two monopoly groups. The destruction of the USSR as the first socialist state in the \\'world and the final liquidation of socialism in this country were the core of the program of the entire German monopoly capital. I n this, German imperialism, as a branch of "eltimperialism, only acted as the fist of international anti-communism and anti-Sovietism. The Soviet Union still had a different place in the economic strategy of the major monopoly groups. Even in the pre-war period, the focus of the leading oil companies' expansion plans was on the Soviet Union.
"Drive to the East". During the war, as in the pre-war period, the line of those companies and financial complexes grouped around the Dresdner Bank - Thyssen, Flick, Krupp, Reichswerke - as well as the Upper Silesian companies was directed directly against the Soviet Union. This aggressive interest - in "peaceful" expansion or military conquest, depending on the possibilities and forces at hand - clearly dominated this repression. The companies of the coal-iron-steel group and Dresdner Bank were exceptionally well represented on the board of the "Russian Committee of the German Economy". I n addition, Deutsche Bau k, with Hermann Sosef Abs (since 1938), **Otto** Wolß and Hermann Reyss (Siemens Icon Group), the committee's chairman and the only direct representative of the Chemie-Elektro Group, also had strong backing. In its composition, the committee differed quite clearly from the East Asia Committee of the Reich Industry Group, which will be discussed later.

werke und die Großbanken, in : JWG **1965, T.** fi, p. l l fL, 51fl.). - Cf. also the material presented in the following sections.

16 cf. *Radandt,* **Klaus, Zu** den Beziehungen …, a. a. 0., p. 24 d. ; **'frrsef6e, Zur** Geschichte der kolonialistischen Bestrebungen deutscher Finanzgruppen gegenüber den Ländern Afrikas, a. a. 0., p. 79 d. ; Groehfer, Ono{, Kolonialforderungen als Teil der faschistischen **Kriegszielplanung, in** : ZMG, H. **5/1965, p.** 547 fl.

The chemical and electrical companies had several focal points in their global expansion plans and were obviously also able to shift their immediate interests from one to another at short notice. A typical example of the "\vendacity" of the grouping in this respect were the autarky aspirations and four-year plan policy of these lion corporations, which were generally most interested in exports, as their clear economic declaration of war primarily on the major Western imperialist powers, including the United States.**

Nonetheless, even before the war, it was a matter of course for the leading corporations in this group to liquidate the Soviet Union on the *8way* to)vel supremacy, i . e. above all to their monopoly on the world market. In the strategic system they developed, the Soviet Union had long been firmly established. In the plans of this group, especially of the IG Farben group, the Soviet Union - once militarily crushed and conquered - initially functioned as an important material basis for the continuation of the war and the later "dismantling" of the Soviet Union.

The country was involved in a "conflict" with Great Britain and above all with the US for control of the \Velt. To this end, the country primarily had to supply oil and food. Secondly, however, the USSR was to serve as a strategic springboard to the Indian and Pacific Oceans and as a military route to the treasures of the Far East and the Middle East.

The integration of the Soviet Union into the system of the economic blitzkrieg strategy and into the "reorganization of the European economic area" as a supplier of oil and foodstuffs corresponded completely to the ideas that the IG Farben Group, as the core of the four-year plan grouping and as the head of the chemical-electrical industry group, also had of the more distant economic perspective of the Soviet country under the boot and whip of fascist German

"master race". De-industrialization and re-agrarianization on a grand scale would have transformed the country into a huge, extensive sales market for the chemical, electrical and light industry and some branches of mechanical engineering, while destroying all industrial competition. This unique source of profit, together with oil, would have made imperialist Germany the master of a "United Europe" and an equal competitor to US imperialism according to the ideas of the corporate rulers.

The chain of evidence for the above is, if still thin, already sufficiently solid. It ranges from the four-year plan memorandum of Hitler/Göririg/IG-Farben, to Krauch's, Göring's, Keppler's and Hitler's internally, but all the more undisguisedly expressed expansionist ambitions before the start of the war, via \Vohl- that's pre-war activity, via the "reorganization" programmes of the leading monopolies from the year II i0 to the concrete objectives of the "liont inentale 01 AG",

17 s. **Chapter** I. - The **disputes over** the **"Hermann-Göring-Werke" before** the **war** and **Fritz Thyssen's emigration** in 1939 have **not** yet been sufficiently researched in this context, but are obviously also connected to struggles within monopoly **capital** over various aggressive objectives.

to the detailed guidelines of the fascist "agricultural planners" in spring 1941 and finally to the "G rünen Happe" of the \Yirtschaftsführungsstab Ost. 18

The striving for expansion of the chemical-electrical industry grouping in all directions, across continents and oceans, is indicated by the activity of such corporations as IG Farben and Siemens' in the Central E u r o p e a n \\'Business Association and in the German-French Chamber of Commerce, Zeiss' and others in the German-American Business Association and finally their leading position in the East Asia Committee of the Reichsgruppe I ndustrie.

The East Asia Committee was formed in January 1941, after organized planning for a "new order in the Greater East Asian region" had begun at the latest in 1940. Its members were those forces that were already anticipating a conflict between three or four economic power blocs or "Greater Asia" on the \Yelt, one of which, the European one, they wanted to lead into battle themselves. The 12 or so members of the committee represented the following companies: IG-Farben, which provided the chairman (Hermann \\'aibel, also head of the East Asia Committee of his group), Siemens, AEG, Zeiss, Bosch, Äletallgesellschaft ; 'on the coal and steel industry only the Vereinigte Stahlwerke, Krupp and Klöckner; furthermore the Didier-
\Yerke (Hermann Fellinger, Chairman of the \'orstandx orsitzender, headed the Foreign Trade
committee of the Reichsgruppe I ndustrie) and Demag, two smaller groups significantly influenced by Deutsche Bank. The dominant group here was therefore clearly that group of monopolies which, as a result of their specific economic, and in particular their position on the world market, had the widest-ranging goals of conquest and the greatest influence.

-programs or formulated them themselves. **

18 cf. the studies on this in Chapters I and Y. - **Carl** J. Burckhardt, the Yölkerbund commissioner **for** the **Free** City of **Danzig,** made revealing observations about the expansionist aims of the ruling circles of fascist Germany even after the dismemberment of Czechoslovakia. On Dec. 20, 1938, Burckhardt **reported on the atmosphere in Berlin**: **"In passing, but** repeatedly, there was talk of the Ukraine, even of Baku! which, **from a geographical** point of **view, seems rather audacious to me. Poland** was to a **certain extent** associated with **such** dreams, of course on condition that Warsaw would **pay,** that it would **submit,** that **it** would become **'reasonable'**, that it would imitate the Czechs." *(B urtkhardl, Carl J.,* Meine Danziger Mission 1937-1939, 2nd ed. ed., Munich 1960, p. 236). On August 11, 1939, Burckhardt spoke with Hitler once again. From his report on this reception at Obersalzberg, he had the following **important statement by** Hitler printed for the first time (ibid., p. 348): "Everything I undertake is directed against Russia; if the West is too stupid and too blind to **realize this,** I shall be forced to come to an understanding with the Russians, to defeat the West, and then, after its defeat, to turn against the Soviet Union with my assembled forces. I'm taking *the Ukraine* so that we can't be starved out again like in the last war." (My emphasis - D. E.).

t9 cf. *Drechsler,* darf, Deutschland-China-Japan 193W1939, Berlin 1964, p. 13if. ; *Sthumann, **Wolfgang,*** The War Program of the Zeiss Group, in : ZfG, H. 4/1963, p. 724 if. ; Fluss, *Gerhard,* Yon München bis Pearl Harbour, Berlin 1965, p. 212 ß.

The existence of x on x erent lines in the strategy of external expansion and a corresponding grouping within monopoly capital can already be clearly seen from earlier sources from the fascist era. *0 This phenomenon still requires detailed research and treatment, both in its original form as an expression of economic, x on profit interests or x on opposing interests within aeonopoly capital, as well as in the more or less faithful reflection that it underwent in the a tifactions, theories and plans of fascist ideologues, politicians and elitists.

Hitler himself was apparently at least vaguely aware early on of the fact that the monopolies expected him to realize very different expansionist objectives, the differences between which undoubtedly went beyond the tactical variants. The so-called Liebmann protocol of Hitler's speech to the leaders of the Reichswehr at Kurt v. Hammerstein-Equord on February 3, 1933, the fourth day after his inauguration, contained the following thoughts on the expansionist goals of a rearmed Germany: "How is political power to be used once it has been won? It is not yet possible to say. Perhaps it will be to explore new export opportunities, perhaps - and probably

better - the conquest of new living space in the East and its ruthless ger- manization." 21

This may be seen as an early confirmation of the different lines of expansionist monopoly policy that we have identified. Hitler's somewhat indecisive standpoint at the time, which was certainly subject to change in the following years, is easily explained by the fact that all the major interest groups, all the important monopoly groups, submitted their economic and political demands and plans to him in those ¥weeks and months around the turn of the year 1932/33, when they agreed on the fascist dictatorship.

had› 22

The coal and steel companies finally supported and enthroned Hitler, who wanted to liquidate Versailles, i.e. break France's supremacy on the continent, and declared the "drive to the East" to be the official external political maxim in the long term. Their ideas on further steps towards dominating the whole of Europe and ultimately spreading their rule over the Y\"elt were still confused and inconsistent.

The other group supported and enthroned Hitler, who wanted to liquidate Versailles and realize their quite concrete \'ideas of the German \\\'e1t-

20 s. *Gossweiter, Kurt,* The Role of Monopoly Capital, p. 539 ff., f01ff.

21 Pogefsnng, *Z'ßifo,* Neue Dokumente zué Geschichte der Reichsis'ehr 1930-1933, in : VfZ, H. fi/195fi, p. fi35.

22 cf. in particular *Czichon, Eberhard,* Wer verhalf Hitler zur Macht? Zum Anteil der deutschen Ind ustrie an der Zerstörun g der Weimarer Republik, Cologne 1967, tler, however, neglects precisely the foreign policy aspect and the expansion strategy of tler Flonopole and Älonopolgruppierungen. Cf. also *Kuczynski, J'*iirgert, Darstellung der Lage der Arbeiter in Deutschland von 1917/18 bis 1932/33 (= *derselbe,* Die Geschichte der Lage der Arbeiter unter dem Kapitalismus, vol. 5), Berlin 1966, p. 120 ff.

wanted to assert its rule. On the way there, the Soviet Union played the role of a main obstacle to be overcome among others, or one among other key objectives. In certain respects, this grouping was even more blind in this respect than the Montan grouping. It underestimated the political

Eraft and the economic potential of the Soviet Union on a possibly even more catastrophic scale.

Imperialist expansion programs with different emphases had thus emerged in the two groupings described above. The weight attached to the possible directions of expansion varied. Two rather sharply defined, large monopoly groups x pursued expansion programs with different structures during the period of fascism and particularly clearly in the first stages of the war.

Despite all the differences in the structure of the expansionist aims, however, it is absolutely clear that from the point of view of these aims, too, both groups of German monopoly capital under examination were - from the very beginning - among the most reactionary, most chauvinist, most imperialist elements of the financial system.

capital, who were the inspirers and carriers of the fascist dictatorship. The whole of German finance capital pursued an overall unified great expansionist program of \Yeltherrschaft, and it pursued it with fascist means.

c) Character and methods of economic expansion and mitigation

As true as it is that German imperialism was particularly expansionist and bellicose because it was fascist, it is equally true and more important for understanding deeper causality that it was fascist because it was exceptionally expansionist and aggressive. The outcome of the First World War had thwarted his war aims at the time. Since Versailles, it had been an imperialism with supported wings, from which its competitors had taken the colonies and important parts of the old Reich territory and on which they had imposed manifold, highly uncomfortable political and economic restrictions and controls. His "maximum program" consisted of eliminating this very Versailles system and, following on from his war aims policy from the time of the First World War, redividing the world according to renewed plans.

Long before 1933, the rulers of the German economy were "generally

It is known that one of Hitler's most important program points was the abolition of the Treaty of Versailles and the restoration of a strong Germany in both military and economic terms." Hitler's program "was generally known to the \Y economy and was welcomed by it." [23] Those circles of finance capital that helped the Nazi elite to power were in complete a g r e e m e n t with this program, especially with its foreign policy.

23 Doc. NI-7990, Aff. Kurt Frh. v. Schröder, July 21, 1947, Case VI, ADB 3, DZA/FS, lG -Farben-Prozeß, Film Nr. 610. partially gcdr. in : Geschichte *der* deutschen A rbeiter- *bewegung,* vol. 4, Berlin 1966, p. 606 f.

political part, which promised them "abolition", "liquidation" x on \'ersailles and new "living space", primarily in the East.

The ruling clique of finance capital wanted and planned the redistribution of the wealth of the \\'world, and it also wanted and planned the means to realize this goal. Its power grew together with that of the fascist leaders, who provided it with precisely those means that seemed to be indispensable for the preparation of a worldwide confrontation for German supremacy in the \\'world. Even before 1933, it had discussed its plans in this regard with Hitler.

\For example, it demanded "that the \\ economy should direct itself to solve the problems posed by the political leadership. For the practical implementation of this programme point, it was expected, as happened later, that the entire economy would be organized on a new basis, namely in associations that all economic enterprises, in contrast to the existing associations at the time, would have to join, whose management would be carried out by \\'businessmen and merchants themselves, who would themselves have to ensure a balance in production, so that these new associations would necessarily be able to exert more influence than before. "2*

Hitler fascism was the final, anti-human sequence in the external and internal policies of finance capital. The renewed attempt of German imperialism to continue its policy of exploitation by violent, if necessary warlike means and to seize the empires of the \\'world for its own.

€i unsten took place under particularly difficult conditions. In the East there was the old Soviet Union, with which the rex olutionary workers' movement and other progressive forces declared their solidarity. The balance of power even in the imperialist camp was less favorable for German imperialism than 'ere the First World War. The Treaty of I'ersailles had established new external political and international legal realities, such as the re-established Polish and Czechoslovak I "national states. In addition, there were strong anti-imperialist and anti-fascist forces within Germany, above all the Communists.

Getting the people ready for war, silencing the war opponents and democratic forces, preparing the war economically, militarily and in terms of foreign policy, setting the war machinery in motion, waging the war, seizing the great spoils - these dirty and bloody tasks required a fascist regime under such circumstances. To a certain extent, this was a requirement of time or even a shortage of time and resources, born of the abundance of economic and political difficulties and \\'contradictions that lay ahead and which the fascist dictatorship was called upon to deal with in its own \)'way.

From this point of view, the fascist methods of economic subjugation, exploitation and plundering of occupied Europe by monopolies and the I'iazi state must also be examined.

\¥economic gangsterism and robbery are not new to capitalism, but quite "normal" manifestations of cli- sical society.

24 Ibid.

order. \'or above all, these are forms of exploitation with the help of which capital fleeces the \\'erk- tü tigen over and above the added value it appropriates from parts of their labor income. But the plundering and deliberate ruination of domestic and foreign competitors are also part of the capitalist order of the day. I n the age of developed I capitalism and I mperialism, these methods often bear the hallmarks of civilization, even when it c o m e s to the exploitation of I colonies and semi-colonies.

The exploitation and plundering of the territories occupied by the fascists differed considerably from the usual forms: by their extent, by the brute, openly terrorist methods inherited from the war, and by the high intensity, especially the extreme degree and reactionary character of the state monopoly and state violence (including the military apparatus), which accompanied and characterized precisely this "business" were.

Typically fascist was the barbaric, extreme contempt for human beings and peoples of the German 1t'Ionopolies and the Aziclique and their plans 'ler \f ersklavu ng, resettlement, extermination of the I'peoples, especially the Eastern Europeans. The general circumstances associated with the occu- pation were typically fascist, in particular the constant suppression of the peaceful civilian population through brutal, terrorist violence, the penetration of open terror into public and operational life, as in Germany, only in a more potent form. As late as 1944, Rudolf Stahl, General Director of the Salzdetfurtli Group and deputy head of the Reichsgruppe I ndustrie, clearly expressed the general line of the leading armaments monopolies he represented in favor of the occupation policy and accused the regime of not having been brutal, not fascist enough. On June 27, he wrote to a Nazi \\'ir economic commissioner in Albania: "It's just a shame that with the Albanians and the other looting federals in the Balkans, you always have to rely on solemn state negotiations instead of simply being able to give orders. \\'ir sin'l in my opinion at the beginning 'les war was not well advised when we equipped all sorts of small states down there with sham independence and also created such institutions as the Protectorate and the General Government, which are inconvenient for the centralized \\'economic leadership. ä4 One can imagine that on the basis of the more recent events in the \\'east and east, which are initially not very pleasing for us, the opposition and the \\'spirit of resistance in the Balkans received new impetus …"

Typically fascist were the specific hJethods of German ff onopolies to use open violence and physical terror against the masses of Jews and their "Aryan" foreign competitors who would not otherwise agree to their "integration" plans and wishes.

25 Stahl to Krone, commissioner for the ületallerzbergbau in Albania, June 27, 1944, Wirtschaftslacharchiv der Kaliind ustrie, StaßIurt (hereinafter: WFA VV B Kali), A I I, Sa, l a, Bor, No. 11, Bl. 223, quoted from a Uanuskr. v. Ixurt Ohlendorf.

The methods of economic subjugation and plundering were manifold. In their economic sense, apart from the forced ex- traction of labour, which was a phenomenon in itself, they were essentially twofold: crude, open plundering for the benefit of the German economic and armaments potential and the forcible centralization of international economic capacities and capital for the benefit of the German monopolies and the German \\'economic potential.

The first category included the occupation costs[27] , the immediate transportation of the state's gold, foreign currency and raw material stocks as well as the looted weapons that

\\'ährungsverschlechterung (which in later phases took on catastrophic proportions for the peoples concerned), and the degeneration of the former foreign trade of these countries with the Reich on a clearing basis to the forced crediting of enormous surpluses in exports to Germany. Finally, this included the theft of art (outside the economic sphere in the narrower sense) and the many forms of small-scale looting by individual members of the occupation forces, which, taken together, probably amounted to a not inconsiderable sum. "And what did the soldier's \i'eib ... get?"

These methods were mainly used directly to finance armaments or to supply the fascist military machine with weapons, fuel, consumer goods, food and raw materials (rubber, copper, etc.).

The second category included the subjugation of the national \\'industries to the state-monopoly regulatory system of the German war economy^, the civil administration of companies and itapitals by i'iom- missaries or so-called trustees, and the "integration" of significant parts of foreign industry, banking, trade and exported I'iapitals into the sphere of control or directly into the ownership of the German monopolies.

The latter complex was the core of the so-called reorganization of the European space. This was the beginning of the final " order" of Europe

26 This is what Kuczynski calls a barbaric new edition of the original accumulation *[Kuczynski,* Jiirgen, Lage der Arbeiter 193s19fi5, p. 40 f.).

27 France, for example, had 20 **million** RGI a day from the day the wafer standstill began. - 7.2 billion RM - in "advance payments" on the occupation costs.
s. Doc. NG-11fi2, telegram 1lemmen to Auswärtigcs Amt, dated Aug. 22, 1940, Case XI, A DB fi8, DZA Potsdam, Case XI, No. 308.

28 cf. Survey of International Affairs 1939-19 i6. *Hitler's Euro pe,* ed. by A. Toynbee u. V. Toynbee, London/New York/Toronto 19t-ofi, p. 268 ff.

29 In October 1941, the Reich Commissioner for the Netherlands wrote in a memorandum concerning the Netherlands: "The harmonization of economic planning measures in form and content with the order in the German Reich has been achieved to such an extent that, from an economic point of view, there would be no obstacle to treating the Netherlands in the same way as the individual districts of the Reich." Doc. NG-049, Lammers Protocol,
Oct. 18, 1941, Case XI, AD B 81, DZA Potsdam, Case XI, No. 363, but generally see Chapter V.

to take shape - just as German finance capital envisioned it. And in his far-reaching plans for this reorganization, the model of a Europe integrated under a steel helmet, swastika banner and SS boots, as a springboard to the \\'eltherrschaft of German finance capital, was already emerging, calculated for t h e longer term and yet shaped down to the last detail.

2. The "reorganization of the European economic area"

The rule of the llonopolies is the deepest root of the imperialist greed for expansion and conquest. In the longer term, the following causal chain operates between economics, politics and war, in the relationship between monopolies and the state: economic strategy of the financial capitalist groups - political strategy - military strategy - arms strategy and planning. Of course, there is no straightforward causality here, but complicated \\'interactions, multiple translations and feedback loops. However, the first link in the chain is and remains the decisive, determining link at the end of the day.

The war aims of the most powerful monopolies, laid down in protocols, memoranda and plans, are therefore the most revealing and most serious sources for research into the causes of war, sources with the power to provide the most direct and strongest evidence about these causes. The most important prerequisite for tearing the veil off the mystery of the origins of imperialist wars and for naming the true causes of war and the actual instigators of war in front of everyone is the most comprehensive description possible of the expansion plans, aggression and war aims of the monopolies.

In the following, the role of the monopolies in the fascist variant of European integration will be examined first and foremost. This i s all the more justified as the German monopolies in the phase of the war under discussion, especially in the second year of the war, showed a great deal of initiative in the planning of their "new order" and in requests for the rapid realization of their plans, and expended an almost inexhaustible amount of energy on this. As a result, such an investigation provides us with incomparably valuable insights into the structure and mechanics of state-monopoly capitalism and, in a broader sense, into the fundamental problems of the fascist period of German history in general.

There is also an important methodological aspect. In the first period of the war, production directly for the war was not yet a priority in the occupied territories. This was the result of a euphoric assessment of the war situation in the ruling circles. According to them, it was not necessary to get the most out of the occupied territories through the strictest central regulation (which was only partially enforced later on). In their "reorganization" and in the distribution of the European spoils, the aeonopolies were already looking to peacetime, as they expected it to be after a fascist victory.

This offers the historian the opportunity to study and demonstrate the economic war aims of the monopolies ("peace plans", "peace settlements") in theory and practice, which were formulated particularly extensively and open-heartedly during this phase of amazement at their own successes and the frenzy of victory, and in some cases were already being put into practice.

a) The war aims of German imperialism
in the "Nevordnvngs" programs of the 'Kono pole

At the beginning of the summer of 19fi0, when the German armies had advanced deep into France, the German slonopolies were already lulled into dreams of an imminent "final victory" and began to prepare for the coming peace under these auspices. Months before the campaign against France, they were already discussing concrete plans for the "Greater Economic Area" to be conquered in internal meetings and even discussing them in magazines.[3]* 1'iA reliable witness who testified at Nuremberg after the war was in the company of Alfried Krupp and several other representatives of major corporations (including Henkel & Cie.) and observed how, after the latest news of the occupation of Hol- land, they were "distributing" Dutch plants in front of them and planning to arrest any competitors who resisted, "like vultures". gathered around their booty",[32]

On May 27, the day b e f o r e Belgium's capitulation, the commercial committee of the IG Farben Group met and discussed "current issues for IG Farben's business" in view of the military situation. < In response to the offer by the OK\)' to allow experts from the Group to travel to the war zone, the committee immediately nominated a number of leading Group representatives for trips to Holland and Belgium.> And just a few days later, the following information was circulated

30 cf. e.g. the correspondence between Herbert v. Dirksen and Georg and Lilly v. Schnitzler, DZA Potsdam, estate of Herbert v. Dirksen, no. 10, pp. fi5fi ff.

31 s. Doc. NI-fi670, Ad. Hans Kugler, YI case, ADB 58, DZA/FS, IG Farben trial, film no. fi20. See also Doc. N I-6089, presentation by Albert Meyer- Küster (deputy director of IG Farben**industrie** AG **and employee in the Reich Ministry of Economics) before the Metal** Subcommission (Metall-Uko) of the IG Farben Group, Apr. 16, 1940, C a s e Y I, A D B 6 5 , D Z A / F S , op. cit.

32 **Quoted** in Young, *Gordon,* The **Fall** and **Rise** of **Alfried** Krupp, London i960, p. 89 f. See also the attacks made by Krupp's uncle, v. Wilmowsky, against the witness and his testimony **about the "vultures"** (r. *Wilmowsky, Tilo Frh.,* Warum wurde Krupp ver- uzteilt?, Stuttgart 1950, p. 105 ff., 208).

33 Minutes of the 32nd meeting of the Commercial Committee, 27th Slai l9fi0, Betriebsarchiv des YEB Filmfabrik Wolfen (hereinafter: BA Wolfen), No. A fi96fi, quoted from *Sthmelzer, **Janie,*** Europa-Patent. The IG Farben project for the reorganization of Europe, Wolfen 1967, p. 9.

34 see ibid.

Among the members of the Committee, a circular letter from Committee Chairman Georg v. Schnitzler asked them to "express any urgent wishes in the spirit of the last KA- I'rot Protocol" with regard to the Belgian
\Virtschaf t immediately; as niimlich x . Schnitzler wrote, "the OK\¥' is expecting my and Dr. Terliaar's visit to Brussels in the very next few days."
Friedrich Flick, whose undivided attention at the time was also focused on the
\Three days before the occupation of the Rombach area by German troops, on 11 June 1940, Flick sent Odilo Burkart as the general representative of his i'ionzern to Undersecretary v. Hanneken. Burkart had to make it clear to v. Hanneken once again that, in Flick's opinion, the ironworks in Lorraine, Luxembourg and Belgium were part of the German economy.

The country reports of the Reichsgru ppe Industrie

From June onwards, when the French defeat was imminent, this activity escalated into feverish activity between the ministerial authorities, the central state-monopoly organs of industry and the individual leading corporations. I n the first half of the month, two events took place that gave the official go-ahead for European economic planning. The central office for this planning was the Reichsgruppe I ndustrie, which cooperated closely with the Reich Ministry of Economics.
On 17 June, I(arl Guth, General Manager of the Reichsgruppe Industrie, gave a detailed presentation to the managing directors of the *economic groups on the "planned preparation of a European industrial economy", with the n more in line with the military and expected political changes
had to be started.[37] Two days later, the "Grand Advisory Council" of the Reichs
Industry Group and discussed "Plans for the transition to peacetime". Leading government representatives took part in this conference as guests ¡ for example, the newly appointed "General Referent for Demobilization" in the Reich Ministry of Economics, Ministerialdirigent Schlotterer, spoke on the subject.
The outcome of these two meetings was reflected in circulars from the \1'irtschaftsgruppen and the district groups of the economic groups to a selected

35 Circular letter from Schnitzler, 6 June 1940, printed in : *Schröder, Rudol ,* Die Ausschuß-protokolle der IG-Farben als Quelle zur Betriebsgeschichtsforschung über die Zeit des Kapitalismus, in : *5* WT 1967, T. 1, P. 259.
36 s. *Drobiscli, Klaus,* Flick and the Nazis, op. *cit.* p. 389.
37 s. *Schumann, Wolfgang,* The War Program of the Zeiss Group, op. cit. p. 705.
38 s. Minutes of the meeting of the Grand Council of the Reich Industry Group, Oct. 3, 1940, BA Wollen, file Werkleitung G ajews ki, No. 111, pp. 43ff. The minutes of the meeting on June 19 and Gn tli's presentation on *June* 17 are not available to us in their original form.

Itreis von Älitgliedern, which was identical to the leading groups of the I nd ustrie-zweige. For example, the circular from the \'Ironmaking Industry Group' dated June 26, 1940 was addressed to Ernst Poensgen (Ver- einigte S tahlwerke AG, also head of the \'Industry Group'), Flick and Röchling,
\'ögler, Zangen, Klöckner, Reusch and others[39]:
"Concerning : \\'Wishes for the peace treaty and the reorganization of the European
\\'Economic relations.
On the official side, we have been asked via the Reichsgruppe I ndustrie to determine immediately which \\'wishes exist for the coming peace treaty and for the reorganization of \\'economic relations in Europe. Preference should be given to the following countries: Norway, Denmark, Sweden. Finland, Holland, Belgium, Luxembourg, France, England and also the Balkans.
\\'We consider it expedient that in your \\'requests you should first of all refer to the losses which your company has suffered in foreign countries as a result of the peace treaty of 1919, be it in mines, smelters, factories in the processing industry, in means of transport and in trade facilities, be it in land concessions, in licenses for production or processing, etc. I n addition, we would ask you to inform us of any demands you consider relevant to more recent developments, w h e t h e r these r e l a t e to cooperation with individual European countries, the removal of certain obstacles, such as those relating to t r a d e and transport policy, or other measures t h a t could serve the new \\ economic development in Europe.
This request of ours, which we are sending to you in agreement with the head of the \'Economic Group, is not aimed at an exhaustive presentation, but at a short report, which should be in our hands by Monday, July 1, 1940, if possible.
I n s-ora us we say thank you

Heil Hitler!
The Chief Executive Officer Reichert"

The large corporations and their state-monopoly organizations had by no means waited for an impulse from the state authorities - as is always falsely portrayed by bourgeois-imperialist historiography, insofar as it is not completely silent on the subject. "After the occupation of Norway," it was stated in a detailed activity report by the Metal-Producing I ndustry Section[40], "especially after

See also versclid. Reports and notes by Karl Albrecht (Feinmec hani k und Optik economic group), BA Carl Zeiss Jena, No. 9493 and W 22 ; *Anatomy of War,* a. a. 0., Doc. No. 121 et seq.

39 Doc. N I-3526, Case V, ADB 11 B, printed in : *Case* J, op. cit. p. 220 ff (42 addressees).

G0 Business report of the metal-producing industry section of the V'irtschaftsgruppe Metal industry, February 1942, BA Mansfeld, No. 1155 ; see doc. appendix.

After the defeat of France, the question of the future 'Greater European Economic Area' came to the fore ... The two specialist groups, Metal Ore Mining and Metal Producing Industry, published detailed papers on the following **countries** and ore deposits in quick succession and forwarded them to the relevant authorities and a number of member plants:

1) Norway
2) Holland
3) Belgium
4) France
5) Copper ore deposits Boron
6) Trepca lead and zinc ore deposits
7) Copper ore mining in Northern Rhodesia
8) Lead-zinc-vanadium ore deposits in Broken Hill, Africa
9) Sweden"

All the demands, plans and programmes that reached the Reich Group in this way were summarized and systematized there. This resulted in the so-called country reports of the Reich Industry Group, which were marked as strictly confidential. Such country reports were completed for Holland, Belgium, Denmark, France and Norway. The first, the report on Holland, was already printed in July 1940; the others soon followed.** First of all, these reports contained the postulate of the unrestricted "German claim to leadership": "Germany, as the leading power in this area (meaning the entire continent - D. E.), has the task of determining the functions of this continental European economic apparatus." (Belgium report). (Belgium report) This was followed by a plethora of quite concrete, tangible, brutal demands, some of which related to German policy towards the overall economy of the country in question, others to the development of individual branches of industry. These demands were - if one wanted to try to put them into a certain system - aimed both at immediate enrichment and at the development of individual branches of industry,
i.e. aimed at direct, naked robbery, as well as at the fastest possible, complete subjugation and incorporation of the ¥conomy of these countries in the long term, and not least the brutal elimination of competitors through the immediate and permanent shutdown of entire branches of industry, bans on production, etc. The aim was to enrich themselves directly, especially under the banner of "Aryanization": "… it must be demanded that fundamental Aryanization measures be taken as soon as possible according to the German model. Basically should ... that German trustees be appointed in Jewish companies in Denmark and that negotiations for a final takeover of the companies be initiated.

4 l The dates of the other reports are: Denmark report = August 1940 ; Belgium report w October 1940 ; Noru egen report = February 194 l ; France report = March 1941. The reports are cited below according to the copies available in the potash industry's economic archive (WFA VV B Kali) in Staßfurt. - The Trade Group also p r e p a r e d four " Reports on National War Planning", which were published in advance.
The reports contained mainly statistical analyses of capacities, turnover, etc. of trade in the countries concerned: First report (general) of August 1940 ; Belgium and Belgian Congo of September 1940 ¡ Denmark o f November 1960 , Norway of
Ayril 1951.

des Unternehmens gleichzeitig eingeleitet werden. Sollte diesen Bestrebungen seitens der Firma Widerstand entgegengesetzt werden, so müßte bestimmt werden, daß die Firma mit Rohstoffen, Maschinen usw. nicht mehr beliefert wird, so daß der Betrieb von selbst eingestellt werden müßte.“ (Dänemark-Bericht)
Die deutsche Bekleidungsindustrie forderte die „Herausgabe amerikanischer Maschinen“ aus holländischen Betrieben. (Holland-Bericht)
Als Hauptweg zur wirtschaftlichen Integrierung der besetzten Länder war in den Länderberichten vorgezeichnet, daß sie wirtschaftspolitisch gleichgeschaltet und zugleich ökonomisch – unter politischem bzw. militärischem Druck – immer stärker abhängig gemacht werden sollten. Die wirtschaftspolitischen Forderungen lauteten auf „Organisation der Industrie nach deutschem Muster“ (B) und überhaupt auf „Übernahme der bewährten deutschen Wirtschaftsmethoden“ und der diesbezüglichen Gesetze und Verordnungen (D), einheitlicher Maße (des metrischen Systems) und fester Währungsrelationen; auf Assimilation von Lebenshaltungskosten und Löhnen, auf Übernahme der deutschen Standards und Typen usw. (B). Ökonomisch sollten die besetzten Länder den deutschen Imperialisten vor allem durch Stärkung des deutschen Kapitaleinflusses botmäßig gemacht werden, durch das, was man verharmlosend „Kapitalverflechtung“ nannte. Da wurde gefordert, „deutsches Kapital in der belgischen Industrie zu verankern“; die deutschen Metallindustriellen beispielsweise verlangten nach der „Wiedergewinnung des deutschen Einflusses in der belgischen Metallhüttenindustrie und dem Metallhandel, der nach dem Weltkrieg verlorengegangen ist“. Die „Verwaltung des Koninklijke-Shell-Konzerns sollte stärker unter deutschen Einfluß gelangen“, hieß es im Holland-Bericht.
Zahlreiche Forderungen zielten darauf ab, die ausländische Konkurrenz auf den Märkten auszuschalten. Die deutsche Industrie wollte sich für alle Zeit sowohl den Markt der besetzten Länder gegen die dortige Industrie und gegenüber Exporteuren aus dritten Ländern als auch die ausländischen Absatzmärkte der besetzten Länder selbst sichern. Unter der angestrebten „gemeinsamen Ordnung der beteiligten Märkte unter deutscher Führung“ (H) verstanden sie dreierlei: erstens ein System von Stillegungen, Errichtungs- und Erweiterungsverboten; zweitens ein umfassendes Außenhandels- und Zollsystem „vorwiegend im deutschen Interesse“ (H), vor allem die Aufhebung aller Einfuhrbeschränkungen für deutsche Waren, Vorzugszölle für ihre Einfuhr usw., damit „alle Voraussetzungen für eine reibungslose Durchdringung dieses Marktes geschaffen“ würden (D); Aufhebung der Meistbegünstigungsklausel im Handel mit dritten Ländern, „um der teilweise sehr ernsten, insbesondere amerikanischen, Konkurrenz entgegentreten zu können“ (D); drittens eine Neuordnung in den Verhältnissen der internationalen Kartelle, wobei z. B. alle „bestehenden internationalen Marktvereinbarungen, an denen holländische Unternehmen beteiligt sind, oder die den holländischen Markt betreffen, auf Grund der neuen Lage, in der Deutschland die Führung beanspruchen kann, zu überprüfen und gegebenenfalls umzugestalten“ wären (H); besonders die deutschen Elektromonopole verlangten in den wichtigsten Kartellverträgen (Phöbus-Vertrag, Verträge mit Philips) neue Quoten nebst Entschädigungsquoten

("damage quotas"), forced affiliations x on outsiders, transfer of the cartels' headquarters to Germany, etc'. (B).

An apparently universally elaborated and coordinated imperialist programme of German industry, represented by its central organization, the Reich I ndustry Group! Outwardly, the entire imperialist German bourgeoisie manifested its greed for plunder and its \\ will to conquer the world in a unified and united manner. However, even at this early stage, it could not contain the fierce rivalries and antagonisms that tore this class apart and which immediately broke out between the more and less organized and monopolized companies and branches of industry, and especially between the rival large corporations, when it came to the distribution of the spoils. I t was in vain that they tried to set up a uniform state monopolistic expansion program, both on a large scale and in detail, over and above the interests of the competing corporations and branches of industry. The fact that a chaotic struggle for the spoils is unavoidable under capitalist, imperialist conditions was already evident in the reports of the Reichsgruppe itself, for example when the Holland report stated that "the assessment and decision of central authorities (in Germany - D. E.) ... is necessary for the required prohibitions on construction and expansion. Because every ban and every rejected exemption serves the German competitor industry, but on the other hand also affects the German capital goods industry, especially mechanical engineering."

The war target programs of the leading corimriles

The special programs set up by the leading monopolies were far more significant than the Reichsgru p Industry's country elite and at the height of a cruel strategic acumen that only imperialism can muster. The large corporations, especially those that maintained extensive foreign capital relations and foreign trade relations as well as complicated international cartel connections, had for years been collecting material on foreign competition and on the riches that did not belong to them. They had intensified this activity since about i938 and were well q-equipped for the big planning. After all, they had collected the material for the purpose of fighting for markets and sources of raw materials; and now the moment seemed to have come to catch up with the imperialist competition on a European, indeed on a ¥world scale and for all time, and to freely dispose of the riches of the European "Greater Economic Area". \\'How could they not then e m b a r k with the utmost zeal on the "reshaping of Europe", a

A task which, as Herbert v. Dirksen wrote to his IG Farben cousin Georg v. Schnitzler, was "worth the sweat of the noble souls" 42?

fi2 DZA Potsdam, v. Dirksen estate, no. 10, p. fi5 i, letter dated June 23, 1940.

The country reports of the Reichsgruppe I ndustrie were only the last tip of an immense pile of memoranda, plans, \\'and programs and materials on the "reorganization of the European economic area", which were produced within a very short time, literally within \\'weeks, in the offices of the I ndustrial groups, trade groups, etc. *3 Of the countless reorganization programmes of individual corporations, some deserve to be singled out because their demands and plans went far beyond even what the state reports of the Reichsgruppe, taken together, contained. These were programs of such groups that had a very pronounced international character due to a particularly strong or special kind of monopoly position. The most developed and, on an international scale, strongest corporations set their goals the furthest; their plans showed most clearly that the European "h'euordn ung" was only a first step, albeit a very significant one, for German financial capital on the way to establishing or re-establishing its \\'elt monopoly, its \\'eltherrschaft. This was true of Zeiss, IG Farben, the electrical companies, the potash companies, non-ferrous metal companies such as iYletallgesellschaft and others.

Even before the Second World War, the Zeiss Group still held a monopoly position in the optical industry on the European market and even on the \\'world market.

Its rulers immediately made particularly far-reaching plans regarding a redivision of the ¥Velt spheres of influence. Paul Llenrichs, the group's managing director, and his colleague Karl Albrecht wrote a memorandum (July 1940) entitled "Development opportunities for the optical and precision engineering industry in Europe and overseas".** According to this memorandum, the "same starting conditions as the local industry in the individual countries" were sufficient for the Group to secure "such a market share in this region that it (the German precision mechanical and optical industry - D. E.) would surpass the production capabilities of the United States in terms of volume". From the point of view of the inventors, this provided a sufficient basis for displacing and defeating the American and even Panic competition and thus for German superiority on the entire \\'world market, a "natural superiority in the world".

Of similar interest is a list from the G iesche Group on "Non-ferrous metals deposits in the enemy states, their colonies and other countries".

43 Still, it is excellent 'read hlmaterial, "what we ca1le'l peace planning", 'J as was hastily destroyed in tons everywhere in 1945 before the Allied troops marched into Germany (Fell Y I, Protocol, p. 1606 f., Yerhör Karl v. Heider, G K ; also *Trials,* op. cit., vol. 7, p. 461). Nevertheless, a wealth of highly informative material has b e e n preserved.

6 a .reprint in the doc. appendix ; see also *Schumann,* lYof/gung, Das Eriegsprograinm des Zeiss- Iconzerns, op. cit., p. 706 ff. Henrichs and Albrecht also formed the head of the Feinmechanik und Optik business group (head = Henrichs, chief executive = Albrecht); see also C'nrf *Zeiss Jena.* Once and now, Berlin 1962, p. 548ff.

with hostile capital inflow" from the first days of June 19fi0. Even at this very early date, without any apparent request from outside, Georg v. Giesche's heirs in Bresla u had already compiled this list of hundreds of metal deposits throughout the \Velt (excluding the American continent), which were owned or controlled by English, French, Belgian or Dutch capitalists. The size and productivity of the ore deposits and the amount of dividends paid by the exploiting company were indicated as far as could be obtained. A relatively " modest" selection of around fifty of these deposits was marked in red as being of interest to the G iesche Group. These were mineral deposits in Europe as well as in Australia and Oceania, in the Far East and the Far East as well as in the Middle East.
in Africa.

In all probability, there was a close connection between this comprehensive "¥Vunsch" list and the already mentioned "reorganization" plans of the specialist groups metal ore mining and metal producing industry, to which the Giesche Group belonged. The Group's formation was subsequently a contribution to the expansion programs drawn up by the two trade groups.

However, IG Farbenindustrie AG remained unsurpassed, both in terms of the range of its "wishes" and demands and the thoroughness and consistency with which this largest German I(oncorporation proceeded. Its "peace planning" is one of the most astonishing and revealing documenta tions in the history of the German monopolies and the impor t3ritlliS tisChip t dtlr.*6. Even before the aforementioned consultations of the Reichsgruppe I ndustrie in mid-June 19fi0, planning for a literally worldwide "reorganization" had already begun in this company,

which - optimistically and euphoniously called "peace planning" - en titled hundreds, even thousands, of pages of specified programs for the chemical industry of European countries, including Great Britain. Gustav Schlot terer, head of Special Department V. 0. (Preparation and Order) in the Reich Ministry of Economics, which was responsible for the economic development of the German Reich immediately after the invasion of France.

"reorganization" h a d been created, had held various meetings with IG representatives, on a large and small scale, and h a d asked the Icon- zer to "provide an overview of the chemical industry in the countries of France, Switzerland, England, Holland, Belgium, Denmark and Ireland, with special consideration of cartel relations ... also in so far as they have been formed to the exclusion of German participation", andl

45 WAP Wroclaw, Georg v. Giesche's Erben, No. 681. It is certain that the other leading German non-ferrous metal companies (especially Metallgesellschalt, Alansleld. Degussa) were in no way inferior to the Giesche Group in terms of their preparatory plans for victory. Cf. e.g. *Radandl, Paris,* war criminal corporation Alansfeld, op. cit, p. 220 ff. *see* also *Radandl/Zumpe| P schert,* op. cit. p. 18 et seq.

fi6 Review of the most important documents in the appendix; see also *Eicliliotfs,* Dietricli, Die IG - Farben-"Friedensplanung", in : J WG 1966, T. 3, p. 271ff.

if necessary, "to make special suggestions regarding the future organization of paint production in the countries in question. "**

At its meeting on **June** 28-29, the Group's extended Commercial Committee then took the decisive decisions and approved the principles and guidelines to be followed in "peace planning". The circle of countries to be included had e x p a n d e d i n the meantime, presumably on the advice and suggestion of the Group. "We have received a specific request from the Reich government," said Georg v. Schnitzler, the head of the committee, in his letter of invitation, "to draw up a program within the shortest possible time as to how our company envisages an order for all European interests in the chemical sector to be anchored in the future peace treaty. We are not only thinking here of the relationship with the countries that are still at war with Germany, but also of those countries that are allied with Germany or that have been neutral up to now. The question therefore by no means extends only to the future treatment of England and France, but also to the same extent to the south-east and I taly." <

The Commercial Committee decided to endeavor "to ensure that the material on all questions concerning France have been evaluated and compiled by July 15, 19fi0. As a result, there is agreement that all the bodies in question must at least have the material on France by July 15, 19fi0 at the latest.

10. 7. 1940 to the members of the I(. A. as well as the gentlemen invited to the 33rd session of the K. A. and the Wipo." **

The Group complied w i t h the official request in such a way that all relevant

The authorities broke out in enthusiastic I.of' and told him that his planning was under the "breast cler lose themselves in the generalities of the submissions ... one of the

The report is one of the few documents that provides the Reich Ministry of Economics with clearly formulated and thoroughly thought-out practical proposals."

The IG systematically built up the planning, in which all divisions, departments and commissions of the Group worked feverishly. The highly detailed "Länderberichte" or so-called \)'unschmaterialien" emerged from the high tide of reports, statements, demands and plans from the individual Group departments and companies. They were all prepared according to the same pattern; first for France, then for Belgium and Luxembourg, for Holland; Denmark

47 File note by Kufuß (assistant to IG director Kugler), 6/19/19fi0, Doc. NI-6842, Case YI, ADB 57, DZA/FS, IG-Farben-Prozeß, Film Nr. 419.

48 Circular letter from Schnitzler, 24. 6. 19fi0, quoted from: *Schröde.r, Rudolf,* Die Ausschu ß-**protokolle** der IG-Farben ... , op. cit. p. 260.

49 **Minutes** of the 33rd meeting of the Kaufmiinnischer Ausschuss, June 28/29, 1940, **quoted** from: ibid., p. 263.

o0 Circular letter from Georg v. Schnitzler to the members of the IG's Ilaufmännischer Ausschuss, October 2, 1940, Doc. NI- 6955, Case VI, ADB 51, DZA/FS, IG-Farben- Prozeß, Film I'mr. 418.

and Norway. *1 Detailed preliminary work and materials from the various branches and departments of the Group were already available for the England report (including Empire) by the end of June 19fi0, as well as for the other reports; however, in view of military developments, it was no longer finalized. "Statements on Poland and the Protectorate are also in preparation due to the fundamental decisions to be expected. \'or- work for the actual organization of the greater European area as such under Inclusion of the Nordic and Southeast European region and Switzerland have been initiated.'-Ü2

According to the roughly standardized scheme, the IG country reports consisted of a brief general assessment of the chemical industry in the country concerned as a competitor to the German industry, a more detailed overview of the development and status in the individual sectors and sales areas, then economic policy proposals and demands of a general nature, and above all "wishes of a special nature for certain production areas". They called for means and opportunities to bring the chemical industry of the country in question completely under control and largely into its own hands, to eliminate it to a large extent or at least to exclude it from exports and to break down any barriers to German exports or to give it absolute priority over imports from other countries.

While the IG "country reports" comprehensively and in detail described the tactical warfare in the individual countries o f Europe, the infamous "General Section", which the IG bosses prefaced these reports with, contained their global, general staff strategy. To the nüch tern-bru tale formula of the "Greater space" strategy, it revealed the corporate rulers' aspirations of \\'domination. They explicitly demanded or planned to re-establish the old \\'elt monopoly that the Czech industry had enjoyed in leading areas of chemistry before 191fi - but now in a new, more "modern" form, at a higher level, in an even more comprehensive sense. It was a general plan of the company bosses, as ludicrous as it was pedantically exact, for a yeti division of the empires of the fi'elt, in particular the sources of profit for the chemical industry, in favor of the German imperialists, in favor of the \¥world domination of the IG Farben Group.

After describing and quantifying the losses and disadvantages that the former Yt'elt monopoly of the German chemical industry had suffered since the first t'elt war as a result of Versailles and the establishment of foreign i'lone-currencys. industries would have suffered, it said:

51 The dates of **completion** and dispatch of the **reports: France report** = 3. 8. 1940, Holland-Report - 23. 8. 1940 ; Belgium-Report = 9 . 10. 1940 ; Diinemark-Report = 11. 12. 1940 ; Norway report = 8. 5. 1941 ; **with a** supplement dated. 15. 9. 1941.

52 Letter from v. Schnitzler and Krü gex to Sch lotterer, Dog . N I -11252 (see Dob. appendix)

53 Doc. N I-11252, "General Part" (see doc. appendix).

"There is no doubt that it will not be possible to return to the conditions that existed at the outbreak of the \Yelt War and to restore to their original state the economic development that has taken place in the individual ministries and regions over the last twenty years to the detriment of Germany. To a certain extent, the deterioration of Germany's position compared to J 914 will have to be accepted as irreparable. I t may therefore seem all the more justifiable to restore German chemistry to a leading position in the planning of a large-scale European economy, a position commensurate with its technical, economic and scientific status. However, a decisive influence on all planning for the European area will be the need to ensure a purposeful and effective management of the inevitable confrontation with the non-European large-scale economies that are already emerging today.

In order to successfully assert the Greater German or European-continental

In order to ensure that the chemical industry is able to compete in this debate, it is urgently necessary to clearly recognize the factors that will be decisive on the world market after the war. Their significance is briefly outlined below:

1. The focus of the dispute over a reorganization of the \\'elt market will be on the \"relationship with the *North\'imican corporations.* In the

The focus here is on the Latin American market, the significance of which must not only be measured by the \'yert x-volume of \'orwar sales, but must also be assessed in the light of the economic development opportunities and trends that this part of the American continent holds for the future. ... The second main area of confrontation with the USA will b e the countries of the Far East, including what is now British India and Lower India.

k°. The confrontation with the Americans in the Far East will be given a special flavor by the fact that the decision on the question of the extent to which the European position in the Far East will develop w i l l take place in the same space.

... In the longer term, however, it must be expected that the greater pressure on the European

\\'economic interests in the Far East will come from Japan - perhaps also in connection with the effects of a new era of industrialization in China - and less from the USA. ...

3. At the moment, it is not y e t possible to comment in detail on the problem of the *Italian chemical industry* ...However, it must already be emphasized today that, in the case of the general Chi-Italian ¥'obtainment, as must be assumed for the period after the end of the war, it will be difficult to negotiate with Italy on the basis of the status quo from the time before the outbreak of the war, unless, first of all, the desire for increased exports is replaced by the desire for a higher share in the supply of the domestic market.

4. A special iilinear presentation is also envisaged for *Russia*, which must be mentioned in this context as a factor which, under the same political conditions, will continue to shape the confrontation between the European countries.

European chemistry is capable of influencing and disrupting the rest of the world."

The significance of the "General Part" only becomes clear to us from a larger historical perspective.

rical contexts. Here, the main directions of expansion of German finance capital become visible, whose genesis and gradual development into the pronounced form formulated here have been observable for decades. The document is also suitable for shedding light on the background of the Greater Europe theories and the European ideology of German imperialism and fascism. k* Finally, the close internal relationship and chronological sequence of the diplomacy and the Three-Power Pact of September 27, 1940, in which the German

I taly, Italy and Japan have officially agreed on the establishment of the divides1Rg dbr Ä\'elt into "large rä ume" tlRd about their control -ers tändigteR. 5'

Finally, the coal and steel companies, above all the Ruhr companies, did not stand back in their planned efforts to secure their "world position" through economic domination of Europe or at least the continent. Since l9J 8, they had been incessantly preparing to take revenge for the losses and profi ts suffered after their defeat. I n the summer of 1940, they also i n c o r p o r a t e d their old war aims memoranda from the first \\'world war into their proposals and plans.

On 14 J une 1940, the day of the occupation of Paris by the fascist Wehrmacht, Jakob \Vilhelm Reichert, chief executive of the YY'irt- schaf tsgruppe Eisen schallende Industrie, a man who had already been in charge of the iron industry during the first \Reichert, who was in the service of the Ruhr companies during the Second World War, gave a programmatic lecture to the heads of naval armaments on "Iron and Coal in the New German MaChtbereiCh, the FoundaCons for the Future German Ore Industry".5*a Reichert formulated the central demand of the coal and steel companies: "The ore supply base must lie within the German state borders in order to avoid the need for imports by sea - Sweden - in the worst case." Then, through an appropriate "greater area" economic policy, it would be possible to "compete with the US steel block". With a historical consideration of the fact that German imperialism had

Reichert concluded by linking the thesis of the "\Yeltstellu ng", which the lords of steel and coal were already certain to hold, to the fact that Germany could no longer secure peace by uniting the ore and coal basins and could also prevent France from rebuilding. Economically, Germany can maintain its

\Veltstellungs durch k nt f tigen that it can supply foreign peoples not only with coal but also with iron in large i\Iengen."

o°6 s. *RGDI.* 1960 I I p. 280 ; cf. also *Hass, Gerhard,* Die L'S.t in der Kriegs- und Großraumplanung des deutschen Faschismus im Jahre 19fi0, a. a. 0., p. 1a8 ff., 202. ff.

Sfi a memo from the O IBM (II '\Ä'a A'\'i) on Reiclert's lecture, 27. 6. 1940, B uides-arclii v- Koblenz, R 3 I, i r. 100 a ; hereafter also the Fo1p-ende (s. doc.-anliang).

Presumably shortly after the Franco-German armistice of 22. J uni 1940, the S teinkohlenbergbau Ruhr district group of the Wirtschaf tsgru ppe Bergbau, the successor organization to the notorious "Verein für berg bauliche Interessen", printed its "Den kschrif t zur Neuordnung der europäischen Steinkohlen-wirtschaft" ("Den kschrif t zur Neuordnung der europäischen Steinkohlenwirtschaft"),S4' In it, it explicitly referred to proposals previously submitted to the Reich Minister for Economic Affairs by the Rhenish\Vestphalian Coal Syndicate, which were repeated here in more detail and justified even more urgently. The memorandum dealt with the "leadership claim" of the German coal syndicates - in particular the Rhenish coal syndicate.

\Vestphalian Coal Syndicate - in Europe: "I n detail, it is proposed that 1. the entire western European mining industry, insofar as it lies within the future imperial borders or within the borders of a German customs union, be affiliated to the Rhenish-\Yestphalian Coal Syndicate, so that an extended, uniform West German syndicate is created; 2. the mining districts of the presently occupied western territory, insofar as they lie outside the political borders of Germany, form national syndicates which regulate the sale of their products in their own territory. In contrast, the sale of coal, coal briquettes and coke produced in these coalfields outside the borders of these countries is handled by the Rhenish-Westphalian Coal Syndicate. Such a Western European syndicate would,

especially in cooperation with the East German s yndic a tory, especially the English C-group in a German-English coal convention with a completely different weight and make such a convention effective in the first place."

The latest research confirms the assumption that the big banks also played an outstanding role in "I "Ieuordn ung" and "F ricdensplanning". They

They not only directed and monitored the expansion plans of the finance capitalist groups they controlled, but also worked out the lines and focal points of expansion for the whole of German finance capital, for German imperialism as a whole, in their headquarters.

This initially applied above all to colonial expansion. Kurt \\'eigelt, Ä'or- board member of Deutsche Bank, had been head of the "Deutsche Gruppe kolonialwirtscliaf tlicher Unternehmungen" (Deko-G ruppe) within the Reich Chamber of Commerce since 1936 and at the same time head of the \Yirtschaft department in the colonial political office of the NS DAP. This colonial expert at Deutsche Bank thus united all the responsibilities for the colonial planning of the German financial oligarchy in his hands. The "1(olonial-economic memorandum" of the deco-

Group of 30 May 1940 was one of the earliest documents of the "new order". "We must hurry with the colonial preparations",

wrote \Veigelt on *4\May, during the completion of the memorandum, to a

Ü4b "Den kschrift.. Überreichtvon der Bezirksgruppe Stein kohlenbergbau Ruhr der Wirtschaftsgruppe Bergbau", undated, Bundesarchiv hohlen z, R 7 I I, N r. 6o2 a.

T o DWI, Er. 64 74, Vol. G.

acquaintances from the Foreign Office. 56 The territorial demands made in this memorandum did not coincide with those formulated at the same time by the Foreign Office (Clodius! Ritter) and the naval command of the fascist Ii rieq-smarine.

\Veigelt was the exponent of his bank's colonial interests and of German imperialism as a whole in all important state-monopoly institutions and in the Reich leadership of the fascist party. Through Hermann Josef Abs, also a member of Deutsche Bank's Board of Managing Directors, the bank was involved at an even higher level and possibly in an even more decisive function in the fascist "reorganization". In 1940 and again in 1941, Abs, who was in charge of the Bank's foreign trade and foreign policy activities at its head office, dealt systematically with the focal points he had developed for the future expansion of German imperialism, which he believed would ultimately culminate in a confrontation with US imperialism over \\'world domination.

In the summer of 19fi0, immediately before the Franco-German truce, detailed plans for a massive economic offensive by German finance capital in Latin America after the end of the war had already been drawn up and communicated to the reielis authorities. 5* Since then, the intensive preoccupation with the potential dangers of German imperialism, especially in Latin America, has continued. Since January I i)fi1 at the latest, Abs entrusted his bank with the financing of Kontinentale Öl AG. 1in Jfii rz "'u i-'le rl ie Deutsche Bank Slitgrüntler and one of the most important financiers clicser business. \\'filmen ml already i9*i0 a "southern european plan" cl er i3ank for the o-irtsclia f tliche Durelicl ringu ng and subjugation of the Danube un'l Bat kanliincler e xist°*, should Hie Kontinentale Öl .AG n un noch " tion and, above all, to exploit the Soviet Union as soon as they had been captured by the "Darbarossa" l'elilzup.

In the summer of 19fi l, the success of mle's raid on 22 J uni l94l and the planned raid as a certainty, he delved deeper into the problems of 'les arnerikanis' lien E ontinents. The confrontation with the USA

56 t "eigelt to Dr. Strolini, German Consul General in Addis Ababa, 24. 5. l9fi0, quoted in : *Radandt, Hans,* Zu den Beziehung-en …, op. cit., p. 30. About one month later, Weigelt "with the establishment of the A nt tes \Yirtschaft in the future Reichs kolonial ministeriu m". (Weigelt to the head of the Stuttgart branch of Deutsche Bank, 7. 8. l9fi0, quoted in : DWI -Berichte, No. 13/1961, p. 294).

57 s. *Groehler,* Ofo{, Koloniulforderungen als Teil der fascliistischen Kriegszielplanung, a. a. 0., p. 5o5.

58 s. D1 "I, No. 5960, Brl. 20, Den ksehriften bzw. :¥usarbeitungen der Deutsche Ueber-Seeische Dank AG für .Abs, 8. 7. und 16. 7. 19fi0.

59 s. DW I, no. 6fi7fi, vol. 1, various docs (bsd. spring 1941).

60 s. Chapter V.

61 s. DWI, No. D 011, vol. 7, file note by .Abs, lfi. 11. 1940.

I mperialism for the domination of the American "Greater Economic Space" seemed to move closer with every kilometer that the fascist troops marched in the USSR. This gave rise to Abs' extensive paper "Europe and the USA from an economic point of view", which he gave to the Trade Policy Committee of the Reich Chamber of Commerce on July 17, 19G1. In this lecture he dealt above all with the post-war problems; "the perspectives," he emphasized, "which arise for the German economy after the war and which amount to a closer union of all continental European economies, justify, from the point of view of foreign trade, a consideration which contrasts Continental Europe with the American continent. It should be borne in mind that the term continental Europe, by which the European states excluding Great Britain and Russia were previously understood, will take on a new meaning as a result of the warlike developments in the East. Russia's \\ economy will also be part of a future continental European \\ economic area, at least to a large extent. \\It is impossible to estimate the increase in production and consumption power that this area will receive as a result in the current state of development. In any case, it will also experience a further rounding off from the point of view of self-sufficiency with important goods. "*2

Intervening in the discussion, Abs norli once outlined his ideas on the immediate consequences of a victorious end to the war for fascist Germany as a starting point for future confrontations with its most powerful competitor, US imperialism:

"1. it must be assumed that Germany will dominate Europe after the war
2. Europe is also not dependent on L'S A after the war
i). the Far East and South America are open to European exports fi. the standard of living of American workers will rise
5. Increased costs will force America to negotiate with Europe
6. The southeastern and eastern European regions belong to the European area and are being led to a higher standard of living. "*3

The "Neuordnunq-s" plans of the leading monopolies completely refute one of the most important theses of bourgeois historiography, to which only those historians who stand for the fact that the big German industrialists may have participated in lfxpansion, rape and plunder. This is the apologetic assertion that fascist expansion was contrary to the interests of the German bourgeoisie, which d i d not want war and, at best, seized the opportunity to enrich itself on an ad hoc basis. The docu-

62 DWI, No. 6474, vol. 1, "Europa und USA in *virts chaftlicher Betrachtung", lecture by Abs' to the Trade Policy Committee of the Reich Chamber of Commerce, July 17, 1941; Partial copy in : *Anatoni ie des Krieges,* op. cit. No. 173 ; see also *Czichon, Eberhard,* Hermann Josef Abs, Bankier und Politi ker (I I), in : B11. f. dt. u. internat. **Politi** k, H. 9/1967, p. 916 f.

63 DWI, op. cit., Minutes of the discussion.

The documents of the monopolies and state-monopoly organizations, of which only a fraction is known to research, speak a completely different language. In the Nuremberg IG Farben trial in particular, this thesis was clearly refuted by the wealth of documents brought to light by the prosecution. When asked how this comprehensive piece of evidence of imperialist expansionism could have been created in just a few weeks, IG Farben director Kurt Krüger, who was significantly involved in the IG "peace planning", himself stated: "The preparation and compilation of the plan only took a short time because the participants were very familiar with the material in question and only had to put down their \\'wishes and thoughts that they had already made in view of the development."^.

The new conceptual variants of the Reichswirtschafifministerium

On October 3, 19fi0, Ministerialdirigent Schlotterer (Reich Ministry of Economics) < gave an important speech to the Grand Advisory Council of Reich Group I ridustrie. He set out in detail the tactical concept of the Reich Ministry of Economics for the "reorganization" in the European "Greater Economic Area". This statement by Funks and Göring, who were responsible for the economic "reorganization of Europe" and for "European economic planning", was all the more interesting because Schlotterer knew, observed and worked on the war plans of the ń(onopolies and their first steps towards their implementation like no other fascist bureaucrat. He was therefore entitled to judge the "progress" made in the occupied countries and the policies to be pursued there in the future.

The main part of his presentation was devoted to economic policy towards the European states in the future "Greater Europe". In it, Schlotterer developed a more cautious, refined and very modern line of expansionist policy, which, as Yt'i1helm Zangen stated afterwards, was "new territory for most of those present".

He strongly criticized the view that "one can and should simply dictate economically in Europe". "There is a big difference between dictate

64 Doc. N I-4928, Aff. Kurt Krüger, ł8. 3. 1947, Case VI, ADB 14, DZA/FS, IG-Farben-Prozeß, Film Nr. *i ł2.

65 Gustav Schlotterer, Head of the 'tbt. Export in the Reich Ministry of Economics, since June 1940 Head of the Special Dept. Y. O. (Preparation and Order), which was created in the same ministry for the economic "reorganization of Europe", had been responsible for planning the economic "reorganization" in the Soviet Union in the Economic Staff for the East since spring 1941 (see Chapter V). Cf. doc. N I-1ł374, Afí. Schlotterer, Case V I, AD B 57, DZA/FS, I €'-Farben -Prozeß, Film Nr. 419.

66 Minutes of the meeting of the Grand Advisory Board of the Reichsgruppe I ndustrie on October 3, 1960, BA Wolfen, G a jewski plant management file, no. 111, p. 4îiff. (see DoL. appendix). The following is also based on this document. I Emphasis as in the original.

and leadership in business. Dictating is easy, but leading properly is difficult." Although he emphasized "that we s e e the European economy as essentially a result of the initiative of the economy itself", he was firmly against setting ourselves the task of "suppressing or even destroying the other European industries. Rather, we must try to achieve sensible industrial cooperation and division of labor in Europe. *The right thing to do is not to destroy European industry, but to restructure it.*

. why are we creating the European Greater Area? Namely, because we want to bring about a sensible division of labor in the agricultural and industrial sectors in Europe, because we want to produce as cheaply as possible in the greater European area. This means that we are shutting down production that is no good, that has only shot up under the protection of a foreign exchange or tariff or quota policy. ... And to begin with, it is even tactically correct not to open the door and say: This and that is unprofitable, it must be shut down. It is much better not to talk about these things at first and to start with a positive contribution to cooperation by placing orders there and generally working together."

Schlotterer continued his polemic against a "disastrous and wrong" industrial policy of command and "orders from the military commander" and in favor of a more flexible, far-sighted "European" policy: "It will very often not be very pleasant for all of you who are in practical business, who manage industrial enterprises, if you have to come to terms with the fact that industries against which you have had a hard time in the past now live on, indeed, to a certain extent, if these industries are now given a certain boost by the fact that they are now no longer treated as foreign industries, but as European industrial enterprises that belong to us. We will now have to get used to thinking in European economic terms. V'e are gradually heading towards a situation where stark distinctions between German and European must gradually disappear. If we take the view that the various national economies of Europe represent a community, a large area under German leadership, then we must also draw the consequences from this and be prepared to treat these national economies properly within the framework of our interests and on the basis of our leadership and no longer apply a small German scale, but a large European scale."

Nevertheless, Schlotterer added reassuringly that we must of course "obtain the positions in Europe that we need in order to play our leading role", so that "we (do not) unleash our own competition outside ... W e cannot allow people to start working on our markets without discipline."

However, "German companies should solve this problem by *themselves* with the right means of pressure and with the right possibilities", namely "with economic instruments, with economic facilities": through "market regulation" according to

proven type and under German leadership in the form of European coercive cartels, synclicates, etc., or within the self-management organization of the industrial \\'economy; but above all through "mutual capital inflection":

"\\'So if you already have unpleasant competition outside, then t h e question arises as to whether you can't influence this competition by having an equity stake, going in with your own people and giving yourself the opportunity to control or at least influence the management of the company. It is the \\'wish of the highest authorities that it is precisely the method of capital p a r t i c i p a t i o n t h a t i s most strongly cultivated by German industry.... We should set ourselves the goal for the coming years of penetrating as deeply as possible into European companies, especially industrial companies, in all areas, so that we can control things from there." I n the same breath, Schlotterer offered the monopolies "the necessary foreign exchange for capital investments in Holland, Belgium, France and also in Norway, in the Nordic countries and in the southeast": "You can have any amount. (Chairman: Hear, hear!)." Interpreting this seemingly modern \'ariante "European" policy is no less relevant than it is important for the \'understanding of the state monopoly pro- blematic in the phase under investigation.

Schlotterer's polemic is first and foremost proof of the slonopolies' greed for loot, This was, of course, an indirect reference to their urge to collect this loot as "easily" and quickly as possible and to the corresponding pressure on the fascist authorities, including the military authorities in the occupied territories,

but a document that only allows the ca lilreicl direct evidence, a number of which h a v e been listed, to appear in the right, full light.

Schlotterer's program was also a different variant of imperialist policy towards the occupied Western and Northern European countries. In certain respects it was more realistic (in the long term) and seemed less fascist than the line he criticized, which corresponded to the intentions of the leading ionopolies at the time and which also seemed to result from the fascist overthrow, capitulation and occupation.

On August 2, 1940, Göring had signed secret guidelines< according to which the penetration of German capital "into the interesting objects of the \\'economy of the

67 U s i n g **anonymous and relatively insignificant examples, Schlotterer described this pressure in an unambiguous manner: "One person wants to buy a brewery, another a textile factory, a third a villa, a fourth a share in a mining company,** and **often** the military commander **is to** be called upon. We can't do that, and we don't need to. It goes without saying that the German authorities will stand behind you if you operate in the German interest outside. The acquisition of shareholdings is **urgently** desired by us. But it is not possible **for us to do** so **at** the moment,
in which company X appears in Belgium and acquires $_{500/0}$ qn of the Belgian company Y simply give the order to the Belgian company* (ibid., p. 59 ;
see also p. 60).

68 Doc. EC-137, Case XI, ADB 145 t, gcttr. in : *F'nll S, n.* a. 0., p. 226 ff.

The "last Länder" was to be promoted with all possible means. Compared with Göring's "Verflechtungs"-directives, a new, additional tone sounded in the tactical program propagated by Sclilo tterer; he explicitly stated that the production capacities in the occupied territories should first be spared and concentrated on the purposes of German imperialism.

The deeper motivation for this new course is not directly apparent, but can be very reasonably assumed to lie in the new political and military strategic situation of those \\'oclien and llonate. The "Battle of Britain" had just been aborted with enormous losses for Göring's air force and "Operation Sea Lion" had been abandoned. N ow the " Barbarossa" plan, which had been lconceived since the end of July, entered an acute stage of preparation. The fi ght was obviously far from over.

Under these circumstances, broader fascist circles became more aware of it: The German armament potential could not be expanded by violently usurping and largely liquidating the livelihoods of entire nations; the cow could not be slaughtered immediately if one was dependent on its milk for a long time to come. Such methods were also bound to cause incalculable difficulties, social complications and dangers, as has already been shown.

Schlotterer's line was backed by his superiors in the Reich Ministry of Economics, above all Funk himself, possibly also representatives of the group around G öring, who had delegated his task of implementing the "I'leuordnungs" program to Funk. However, the contradictions between the more flexible and the rigid line of N-economic policy in the occupied countries had apparently developed soon after the delegation of official "reorganization" powers to Funk and Schlo tterer, especially between the leading representatives of the four-year plan organization (Körner, Neumann) and the heads of the Reich Ministry of Economics. In this context, a document from the history of Schlo tterer's presentation to the Reichsgruppe I ndustrie sheds more light on the underlying interplay of forces in the state monopoly mechanism. After a trip through Holland and Belgium, Schlo tterer had On September 6, 1940, he presented his impressions of the "cooperation with Dutch and Belgian business circles" internally to the heads of department of the Reich Ministry of Economics* about the situation in Holland and Belgium and about the motives that led him to recommend a change of course,

69 cf. *Ulshöfer, Otfried,* Einßußnahme auf Wirtschaftsunternehmungen i ii den besetzten nord -, west- und südosteuropäischen Ländern w- während des Zweiten Weltkrieges, insbesondere der Erwerb von Beteiligungen (Verflechtung). (= Studies of the Institute for Occupation Issues in Tübingen on the German occupations in the Second World War, No. 15), **Tübingen** 1958, pp. 911, 41d, 641.

69 a See "Bericht über die Besprechung vom 6. 9. 1940 über Zusammenarbeit mit holländischen und belgischen Wirtschalts kreisen" (RWM, Abt. Bergbau), 7. 9. 1940, Bundesarchiv Koblenz, II 7 VI I I, Nr. 207 ; hereafter also the following.

Schlotterer stated: "There are strong fears that the intention is to expropriate the economies of these countries and then shut them down. This is due to the unwise behavior of many sub-dealers who have been sent by German companies to takeover negotiations and, in order to intimidate their negotiating partners, have pretended that expropriation by the Hermann-Göring-Yt "erke, for example, is imminent. .....minis terial-

Director Schlotterer considers this development to be alarming, especially in view of the large possessions of the Dutch and Belgian industries overseas, especially Dutch I ndia, which can be expected to break away from Holland and throw themselves into the arms of the United States of America if the Germans continue to act ineptly."

At this meeting, the heads of department approved Schlo tterer's proposal to "make the industrial capacities of Western countries usable for us by placing orders", and also to try to increase capital participation and

-to promote interdependence on the basis of "reciprocity", and finally

"to stop the haphazard deployment of any interest representatives.

... Instead of interested parties, gentlemen who are as impartial as possible, for example from the economic groups or from the Reich Ministry of Economics itself, should negotiate with the Dutch and Belgian circles."

Schlotterer "stands - according to his own statement -", it was said in the transcript of the lecture, "in certain contrast to the masters of the four-year plan, who regard the previous procedure as a suitable means of interweaving the economy of the two countries as quickly as possible with the economy of Greater Germany in accordance with the orders of the Reich Marshal."

In the fall of 1940, fundamental questions of economic policy in the occupied countries were also dealt with within the OKW, especially in the Wehrmach tführungsstab and the Yt'ehr- wirtschaf ts- und Rüstungsamt. Obviously there were also differences and disputes about the most favorable variants and methods here.***

Whether and to what extent the advocates of a more flexible variant relied on certain economic circles (Deutsche **Bank,** coal and steel companies, exporters of manufactured goods, importers of raw materials, weaker monopolized industries) remains to be investigated.

Schlotterer's appeal met with no response and his line could not be implemented. The leading monopolies had chosen a more reactionary, aggressive, more chauvinist and imperialist line and continued to pursue it. All the monopolies and groups examined so far belonged to this group. Thus the big banks and corporations continued their "Aryanization" and "intertwining", their robberies and extortions with the protection and help of the U'ehrmacht, SS and Gestapo at an undiminished pace and appetite - with methods that seemed more effective and safer, faster and even cheaper to them.

69b ". *K TB d. OK W,* vol. 1, Herbat 1940, **paseim.**

However, two differentiating remarks must be made here. Monopolies, fascist authorities and organizations in the later stages of the war in the Soviet Union, as in Poland to some extent, used even more radical and barbaric methods to seize the country's economic wealth. Here the war was against the death knell of monopoly rule, against the pillar of all opponents of fascism, the monopolies and capitalist exploitation in general, against the center of the international workers' movement. In contrast, the "fair play" of civilian gangster bosses prevailed among the bigwigs of international finance capital, which, significantly, was never completely ignored by the German monopolies. They too, who robbed, repressed and eliminated their competitors by military force, considered it advisable not to ignore all the unwritten rules of the game (cohesion vis-à-vis the masses) or all the written ones (international cartel agreements, etc.) that bound and bind the financial oligarchs of the imperialist ¥\'world together - especially when they were powerful opponents with strong international connections. This explains the more cautious treatment of, for example, the Belgian Sol vay group, the Société Générale de Belgique group and even the French paint industry. This gave rise to the various forms of collaboration between the monopolies. Finally, it was the source of the various attempts at compensation - however pitiful - that were made or promised to the plundered competitors.

Furthermore, a variation of Schlotterer's line finally prevailed in later phases of the war, under completely different circumstances, namely in view of the impending defeat. In the fall of 19fi0, it was first the 0 KW (especially General Walter ¥\'arIimont) that steered towards collaborating with French armaments companies and awarding contracts to them, as well as Minister Tod t, who supported this idea in his sector. *° These efforts corresponded to certain

- hesitant attempts by the top leadership, including Hitler, in view of the failure of "Seelösve" and the preparations for "Barbarossa", to train France as an adversary of England and thereby, in return for some concessions, to strengthen the positions of German imperialism on the ¥ \ 'est flank of the continent and in northwest Africa (6lontoire)." At the beginning of 19fi1, the air

to involve the French aircraft industry in its armaments programs}2

However, this type of industrial utilization of occupied countries was initially limited to certain areas of direct armaments production. It took

70 s. *K TB d. OK W,* vol. 1, p. 103 **(entry** of Oct. 1, 1940) ; cf. also Kriegstagebuch der Rüstungswirtschaflichen Abteilung im Wehrwirtschafts- und Rüstungsamt (Dec. 17, 1940), printed ibid. p. 82 E.

71 cf. ibid. p. 89 (entry of Sept. 25, 1940); cf. also Doc. EC 409, **memorandum (by General** Thomas 7) re. **Meeting with Keitel on** Sept. 20, 1940, Sept. 21, 1940, *IM T,* Vol. 36, p. 480 f.

72 s. Doc. PS-407-I I, Milch's speech to the **representatives of the French aviation industry,** Jan. 30, 1941, **Case** I I, ADB 10, DZA/FS, **Milch-Prozeß, Film No.** 389/ii83.

only slowly took on a larger scale. It was not until 1943, under the auspices of defeat, that Albert Speer greatly expanded this system and helped the line propagated by Schlotterer in 1940 to achieve lasting "success".

6) *The Morio pole's raid through Europe. The Iriteresserikam p[bet der Verleilung der Beute*

In the first phase of aggression and expansion, the fascist regime's state-monopoly \system and its nature as a system of monopoly rule revealed itself, if at all possible, more clearly than ever. \While the fascist propaganda was still trumpeting to the people about "socialism" after the victorious end of the war, the riches of occupied Europe fell into the hands of the most powerful of the powerful, a clique of leading German financial magnates who, after the successes of their political and military functionaries, now believed themselves to be on the road to the world's leadership.

Of course, the fascist government apparatus also had a particularly important role to play in balancing the interests of the monopolies and monopoly groups during this period. The Reich authorities encouraged wide-ranging "European" planning, which the central state monopoly institutions (RGI, economic groups) were to coordinate in order to channel the diverging interests and dampen the fierce competition in the distribution of goods. Indeed, for reasons of foreign and domestic policy, they tried to curb the monopolies' excessive zeal and **appetite**.

Large monopolies competed against smaller monopolies for the best parts of the spoils. monopolized versus non-monopolized and weakly organized companies. but the leading monopolies especially competed among themselves. Only for them did the fattest spoils come into consideration, and there were never enough of them available, g-measured by their ap- petite.

In *Poland*, the most important and most sought-after industrial booty, which the German monopolies quickly brought under control, included the Upper Silesian coal and steel industry, the chemical industry, especially the dye works, and the textile industry with its center in Łó 3ź.

The takeover of the Polish chemical industry, above all the dye industry, had already been planned by the IG Farben Group on the basis of its Austrian and Czech experience in such an all-round and timely manner that Group representatives - already as officially appointed trustees - were able to assist the Polish invaders.

Troops followed on foot,[728]

72a s. *Radaridt/Zumpe fP* ucliert, op. cit., p. 11 f. ; furthermore *Kucz ynski, Jürgen,* Lage der Arbeiter 1933-1945, p. 46 f. ; newer3ings in detail *Puchert, Berthold* Fragen der Wirtschafts-politik des deutschen Fasehismus inn okkupierten Polen von 1939 bxe 1945 mit besonderer Berücksichtigung der IG Farbenindustrie AG, o p . cit.

The struggle for the appropriation of the Polish land and the Fontan companies in Upper Silesia and the southern "Generalgouvernement" dragged on for years, and in some cases lasted the entire period of occupation. The German companies in Upper Silesia (Oberhü tten-Bal)estrem, Berghü tle, Schallgotsch, Henckel v. Donnersmarck), their i'iartelle and syndicates and the corporate groups and banking circles behind them, associated with them or competing with them (Deutsche Bank, Dresdner Bank, Otto-V\'olff Group, Röchling) were at loggerheads with each other and with the Reichswerke, Krupp, Flick, Hoesch and others who were striving to penetrate the territory, over the Polish loot.'* But they were soon in agreement 'lar over the fact that Upper Silesia, especially as it had come away empty-handed from the theft of the French coal and steel industries, and especially the iron ore industry, had to have an exclusive claim to the Ben te in Eastern and Northern and Southern Europe. I n this area, they wanted to expand into a huge industrial complex, which - as they had always dreamed - could successfully compete with the Ruhrrex'ier 74

I n *the Netherlands*, the mineral resources (iron ore) and especially the \hydropower reserves (for the production of aluminum), the electrical industry (Philips) and modern companies in light industry and trade were the most desirable industrial objects for the German oilopolies. I n *Denmark* they reached for the most important juices; here, moreover, they were particularly interested, exploit the country's agricultural production and food reserves for the continuation of the war.75

I n the spring of 1941, the German aluminum poles also broke *i n t o Yugoslavia* and *Greece*. K rup p, the H'orddeutsche Aluminum Y'erke, the Yiag Group, Preußag, Salzdetfurth and other corporations pounced on the natural resources of these countries. G esfürel (G esellschaf t für elek trische Unterneh mungen AG), a group company of the AEG Group, gained a key position in the Greek economy through a "management contract" with the Gesellschaft für elekt trische Transportun tnehmen in Athens.

I n *Belgium* and especially in *France,* the most industrially developed of the occupied countries, with important colonial territories and a close-meshed network of international capital ties, the German monopolies found themselves in a difficult situation. x or highly diverse and complicated "reorganization" tasks.76

73 cf. *Jeske, ReinhoM,* Zur Annexion der polnis chen > iewodschaft Schlesien durch Hitlerdeutschland im zweiten Yt'eltkrieg, in : ZfG, H. 5/1961, p. 1072 ff. ; *Gra[Rudol[,* Zur faschistischen Okkupationspoliti k des deutschen Imperialismus in Polen während des zweiten Weltkrieges, Diss. Inst. f. Ges.-Wiss. Berlin 1961, p. 39 ff.

74 see also Chapter V.

7s cf. Jfiiffer, Wer'i, Der deutsche Imperialism us und Dünemark 1933-1945 unter besonderer Berücksichtigung der faschistischen \Virtsch aftspoliti k, phil. **Diss.** Berlin J9G6.

76 For G riechenlantl, Holland and Belgium, see Doc. NID-10 699, Case XI, ADB 145 B, Minutes of the meeting o f the interministerial committee on the

The most significant actual incursions into the sphere of ownership of French finance capital during the first phase of the German occu- pation were in two directions. The German monopolies brought entire branches and sectors of industry under their control or took them over completely, and they brought the holdings of French financial capitalist companies under their control.

- exported capital - in other European countries, especially in the south-east.

The German coal and steel companies laid their hands on the Lorraine-Luxembourg iron industry, the largest iron metallurgical base on the continent after the Ruhr and the Soviet metallurgical centers. Within six months, they had divided up the spoils among themselves - under fierce competition - and were a p p o i n t e d as "trustees" over the \\'plants, with the right of first refusal for the period "after t h e establishment of peaceful economic conditions".

The biggest loot deal made by a single German company in the \Vest was the Francolor Agreement, which the IG Farben Group forced on the French dye producers. In its "peace plan", the group had demanded that it receive 50 percent of the capital of the entire French dye industry from the Reich, a "wish" that presupposed the confiscation of the said industry by the Reich, which had already been discussed with the authorities.* This fantastic demand was modified in line with the development of the relationship with France, in particular the approaches to political colla- boration. Another variant of the plan was brought in, which had also already been carefully thought through within the company in June, just as the French campaign was coming to an end.*° According to this plan, the entire French paint industry was merged into a new Franco-German joint stock company, in which the IG asserted its "claim to leadership", i.e. it demanded and received 51 percent of the share capital.

The French collaborators who agreed to this "deal" were not in a p o s i t i o n to negotiate a more favorable outcome. They came as supplicants.

liopitalbeteiligung, Sept. 23, 1941, DZA Potsdam, Case XI, No. fi35, p. 66 ff. (see also doc. appendix). For Yugoslavia s. WFA VVB Kalt, div. mat. ; Itnderidf, *Hans,* Eriegsverbrecherkonzern Mansfeld, op. cit. p. 2fi3 ff. Cf. also *2iiller, Marlin,* Über die **Politik** des imperialistischen Deutschland gegenüber Jugoslawien bis zum 6. April l9fi1, in : JWG 1963, T. fi, p. 291ff.

77 Doc. N I-049, Funk decree (on behalf of Hanneken) of Jan. 31, l9fi1, concerning ironworks in Lorraine and Luxembourg (to Ernst Poensgen, head of the iron and steel i n d u s t r y economic group), printed in : f'aff 5, op. cit. 0., p. 2fi6. For detailed source material, see doc. appendix; see also doc. N I-3518, Distribution proposals of the Reichsstelle für Eisen und Stahl for the Luxembourg and French-Lorraine iron industry of *March* 26, 19fi0, printed in : *Case* 5, op. cit. p. 222 ff.

78 s. Doc. N I-11252, France report, reproduced in doc. appendix ; doc. N1-5193, Preliminary hearing of Schnitzler, printed in: *Kutzynski, Jürgen,* Studies 1918-1945, p. 191ff., 2fi2 f1.

79 *s.* Schmelzen*, **Janie,*** Dies war ein Staatsgelieimnis, Wollen 1963, p. 29 ff.

The delegation traveled to fi'iesbaden, the seat of the German \'affenstillstanddelegation für Wirtschaf t (at the German Armistice Commission) and the place of negotiations with the IG bosses. The \'affenstillstanddelegation under the envoy Hemmen, a fascist and "wild man">, was made up of IG people such as N'ollrath Frh. x . Maltzan, Legation Secretary at the Foreign Office, and, half an hour's drive from the lG headquarters in Frankfurt, w a s de facto nothing more than a state lG agency at the Francolorgeschüf t.

After extensive joint preparation between the Hemmen delegation and the company, the infamous memorandum "on the principles for the rep- elution of Franco-German relations in the field of dyes" * x, which contained the company's demands, was read out and handed over to the French on November 21, 19fi0 in ÄÄ'iesbaden by IG representatives. Hemmen put the French under brutal pressure on this occasion; according to Küppers, he struck,

"very harsh tones, so harsh that v. Schnitzler and iiugler were somewhat displeased. "82 The IG bosses were thus "somewhat" annoyed that Hemmen, despite the joint agreement, had been out of line and had alienated the French, on whose willingness to collaborate they had been instructed in the chosen plan variant; after all, they wanted to push through their program and make their "Lüsunp-" permanent. Almost exactly one year later, however, the F rancolor Treaty was signed and s e a l e d .

"f'ypical and weighty examples of the forcible centralization of foreign capital by the German monopolies on a truly continental scale are provided by the actions of the German banks in the occupied countries.> The decisive position in the financial plundering and capital penetration and "-Ilechtun¡;" of the countries under military and economic pressure was h e l d b y the major banks, above all Deutsche Bank and Dresdner Bank.

The Belgian holding company Société G énérale de Belgique and its "Banque 'le la Société G énérale de Belgique" owned and controlled up to fi0 percent of the entire Belgian \economy. "The main problem for the I(apitalization

80 Hemmen **"was regarded as a somewhat 'wild Äfann**' . ." (Doc. NI-8785, Aff. Gustav Küppers **[Head of the Legal Department of** the IG Farben Group], Case VI, AD B 58, DZA/FS, IG Farben Trial, Film No. 420).

61 Doc. NI-5901, Case VI, ADB 57, op. cit., Film I'lr. 419. Cf. also Doc. NI-6839, op. cit, and Doc. NI-4670, Case VI, AD B 58 (in preparation for this "chemistry session"), op. cit., film no. 420.

62 Doc. N I-8785, Afl. Kiippers, op. cit. ; see also doc. N I-6727, Minutes of the Meeting, Case VI, ADB 57, op. cit., Film No. 419. Cf. also *Das Urteil im IG- Farben- Prozeß,* Oflenbach
a. M. 1948, p. 81 if.

83 Doc. N I-68 i5, Case VI, ADB 58, Contract of Nov. 18, 1941, DZA/FS, IG Farben Trial, **Movie no.** 420.

84 see the numerous details on this in *The Penetralion of German Ca pital info Evro pe* (= Conditions in Occupied Territories. A Series of Reports Issued by the Inter-allied Information Committee, London, vol. 5), London 1942.

The Société Générale de Belgique forms the main link with Belgium because this bank directly or indirectly controls around 800 other industrial, commercial and banking companies in Belgium, Luxembourg, etc.". commercial and banking companies in Belgium, Luxembourg, etc." Deutsche Bank apparently played the leading role in penetrating this complex market. In 1940, it succeeded in securing a share package from Banque Générale de Luxembourg via a so-called friendship agreement with Société Générale. which increased its .4n share in the bank's share capital to '/o. However, in view of its strength and the Y\'ider-

The German government's decision to grant its partner the then unheard-of condition that the transaction would not take place if Luxembourg was not annexed by the Reich.[87] The highly unsatisfactory state of its influence possibilities for German finance capital finally prompted the fascist authorities in the spring of 1941 to issue an occupation decree on auditing in Belgium, presumably as a result of direct intervention by the major German banks, The highly unsatisfactory state of its influence possibilities for German financial capital finally prompted the fascist authorities in spring 1941, presumably as a result of direct intervention by the major German banks, to issue an occupation decree on company audits in Belgium, "created specifically to be able to penetrate the complex of the holding company 'Société Générale de Belgique'".< "Only the decree of the military commander on tax audits of May 8, 194 l made it possible to penetrate the Société' Générale complex by carrying out audits and to obtain documents.

and to create indications of further i'i capital links with companies controlled by Société Générale. "[89] According to this regulation, companies of all kinds could be subject to a tax audit by "experts".

Deutsche Bank also took control of one of the four Dutch \\'elt conglomerates, the .\ l{;eIn'-cne E tinst zijde Unie N. V. (A K U). This company was prompted to increase its capital in connection with the construction of a rayon factory. On this occasion, Deutsche Bank, with the help of a Dutch banking company dependent on it, acquired the shares, which gave it a total holding of over 50 percent.

One of the main pieces of French and Belgian loot were the capital holdings that the Belgian and French competitors of the German monopolies had in other parts of Europe and the rest of the world. The redivision of the spheres of capital export and exported capital itself turned out to be a main goal of the fascist "reorganization". In the case of holdings whose substrate was located in one of the fascist-controlled countries of Europe,

85 Doc. NI D-10699, Case XI, ADB 145 B, Minutes of the meeting of the Interministerial Committee on Questions of Capital Participation, Sept. 23, 1941, DZA Potsdam, Case XI, No. 435, p. 681 (see also doc. appendix).

86 <>*"f-r, Otfried,* op. cit. p. 100.

87 cf. doc. NID-13825, Overbeck (Continentale Bank, Brussels) to Carl Goetz, Chairman of the Supervisory Board of Dresdner Bank, Dec. 11, 1940, Case XI, ADB 148, DZA Potsdam, Case XI, No. 438.

88 <*!'-'f-r, O(ried,* op. cit., p. 61.

89 Doc. NI D-10699, transcript …, **Sept.** 23, 1S61, op. cit. p. 69.

90 -- <>*"f--, OJried,* op. cit. p. 84, note 356, p. 53.

the interests of the German M onopolies and financial groups entered an acute stage. According to the Y\'ill will of German finance capital, every significant foreign (non-German) capital influence was to be liquidated, especially in the European south-east, in order to transform this area definitively and exclusively into the sphere of exploitation and semi-colony of German imperialism. Plans to this end had been prepared long in advance and were put into practice as quickly as possible immediately after t h e French defeat. Particularly significant changes in the ownership of French (eIajority) holdings were Liquidation of holdings in Polish coal and steel companies in Upper Silesia ** in favor of the Hermann G öring Group, the Berghü tte Group and

others; forced takeover of stakes in Romanian oil companies by Kontinentale Ol AG [92] /forced sale of the (100*/pige) stake in the Yugoslavian copper mines Mines de Bor, one of the

largest copper deposits in the \\"world, to a German consortium (Mansfeld Group and others) <; squeezing out of the equity stake in the Norwegian Norsk Rydro Group, primarily by the IG Farben Group.

Each of these "deals" took place under lively, fierce competition within German monopoly capital, between the major pretenders to the European spoils. Disputes broke out over the most important objects, which left nothing to be desired in terms of depth and vehemence and - naturally with the strict exclusion of the public - set the entire state monopoly mechanism in motion, even in shock.

The fiercest battle broke out among the ff ontank groups and other groups of monopolies over the French and Belgian steelworks, the Yugoslavian mines and other valuable parts of the European booty. The acting head of the Reichsgruppe Industrie, General Director Rudolf Stahl, Chairman of the Salzdetfurth Group, felt it in the interests of his group to write a marginal letter to the Reich Ministry of Economics (State Secretary Landfried): "In fact, within the Reichsgruppe I ndustrie or It had been agreed within the Reichsgruppe I ndustrie or the II irtscliaftsgrtippe Nletallindustrie that individual companies should not approach the official authorities with \I'ues or suggestions for participation in ventures in the future Greater Germany area, but should first try to reach an agreement within their own organization and make appropriate proposals at the appropriate time. This seems to have been the approach taken within the ironworks industry with regard to the Lorraine \\'plants etc. Unfortunately, I have recently noticed on various occasions that this solidarity is not universally respected, so that there is a danger that the person who is involved in

91 cf. ibid. p. 1t2, 98.

92 cf. ibid., pp. 93, 99, t10f.

93 s. ***Radandt,*** **Hans, Kriegsverbrecherkonzern Älansfeld, op.** cit. p. 243ff.***; <>>" er, Otfried, op. cit.*** **passim.**

94 s. Case VI, ADB 65, DZA/FS, IG-Farben-Prozeß, Film No. 420 ; **see also *Das Urteil*** *int I. G.* ***-Farben- Prozeß,*** **Ofienbach a.** M. 1948, p. 77 fi.

keeps such appointments later falls into the trap. ... In this situation, in order to avoid later misunderstandings, I consider it necessary to officially inform you, Mr. State Secretary, of our interest in the three objects mentioned above. "**.

The unity of the steel companies, on which Rudolf S tahl wrote, was no different from that of the potash and i r o n ore interests. When the bear had not yet been killed, its hide was distributed by common agreement; the most powerful group of German coal and steel companies decided with regard to the Lorraine mines and smelters in "unanimous agreement" that they would only be sold "after the outcome".

their claims during the war" [96] After the French c apitulation

However, a fierce battle for the distribution of the \\'plants began, which took on particular intensity between Flick and Röchling.>' This time, Fliclt carried the day thanks to its stronger state monopoly ties. Röchling was compensated from other parts of the spoils, as well as with rich and lucrative state monopoly positions.

As far as the chemical industry was concerned, the IG Farben group no longer had any serious competitors in the appropriation of the spoils during the war; it had all the state monopoly positions it needed for this firmly in its hands. However, this by no means precluded the possibility that, for example, in connection with the

"planning" of Norwegian aluminum production, in which the IG was involved [98] The fight for the "inheritance" of the German Solvay plants, the German branch of the Belgian Solvay Group, for the "inheritance" of the German branch of the Belgian Solvay Group, also involved the IG.

Yugoslavian copper and bauxite mines and tim numerous other main pieces

95 WFA VYB Kali, A II, Sa, la, BF, No. 13, letter dated Oct. 22, 19fi0. The Salzdet- furth Group was interested in the Alsatian potash mines, the copper deposits in Yugoslavia (Mines de Bor) and the German Solvay works from the complex of the Belgian Solvay Group.

Such "standstill" agreements, as Stahl mentioned, also came about later and existed at various levels of the state monopoly.

"Selbstverwaltung" der hfonopole ; see WAP Katowice, Bergwerksverwaltung Oberschlesien GmbH der Reichswerke "Hermann Göring", Hauptverwaltung, Kattowitz, Nr. 5, Rundschreiben Nr. 60fi der Fachgruppe Metallhalbzeugindustrie der Wirtschaftsgruppe Metallindustrie v. lfi. Nov. 1940: "... An agreement has been reached for the Metal Mining and Metal Producing Industry Groups that no member will enter into negotiations on participation in foreign metal companies until the Group has been informed and the overall economic concerns have been coordinated. The semi-finished metal products industry must proceed **in the same** way ..." Cf. also *Radandt/Zumpe/P uthert,* op. cit. p. 18f.

96 Doc. N I-048, Poensgen to Reich Minister of Economics Funk, dated June 7, l9fi0 (in Auftrag des " lileinen Kreises" - without Flick, who made reservations), printed in : hoff 5, op. cit. p. 218.

97 s. the elaborates. Documentation in *Case 5,* op. cit., pp. 214-253 ; **also** *Liidstnonn, Heins,* Veränderungen im Standortgefüge ..., in : Der deutsche Imperialismus und der zweiten Weltkrieg, vol. 2, Berlin 1962, p. 126.

98 s. Case V I, AD B 65, various documents, DZ-£/FS, IG Farben trial, film Er. 420.

The European prey was seized b y the unseen IG, but not always successfully.
The imperial authorities watched the quarrels and disputes within the financial oligarchy with relative indifference. They had the official decision-making power, the "final say", in every trcuhandle, every transfer of property. But the fascist leaders, right up to Göring and Hitler, never found a consistent, irrevocable line in this area, let alone enforced it. The interests of the hJonopolies and hlonopoly groupings competed and diPected too strongly, so that the authorities shied away from generally valid and definitive determinations and let the respective state-monopoly balance of power decide the outcome of the battles.
They continued to try to equalize and to keep the individual monopolies in their ex-
to curb the urge to expand in consideration of the general interest in expansion. As early as May/June 1540, Funk "asked" large-scale industry "to ensure that no excesses occur which w o u l d g i v e opponents of the prix'at economy a pretext for accusations against the \\ economy, in particular that any desire for annexation etc. be suppressed today".°* Funk himself tried to make use of the abdicated Schach t x's \ 'investigation when he failed completely with his plan to prevent competition between Deu tscher Bank and Dresdner Bank in the \\'esten through a planned division of interests. In the battle for the spoils, the banks naturally ignored its provisions, which in turn gave the collaborating monopolies, especially the Societc Générale de Belgique, the opportunity to play off the German intruders against each other. Funk was finally forced to remove the obstacle to the growing competition between the two major banks and, in accordance with Schach ts
\'or proposal "not to p u r s u e t h e question of the general obligation (to divide up their internal spheres - D. E.) any further." * *
\A few days before the \\'monkey truce in France, M inisterialdirigent Schlo tterer warned the Grand Advisory Council of the Reichsgruppe I ndustrie "that we should not indulge in bold speculation" and forget about plans for peacetime, as fi'ilhelm Zangen, head of the fteichsgruppe, put it, "that every effort must be made to work for the Second World War." ***

99 Doc. N I-048, **minutes** of the **meeting in the "small** circle", June 7, 1940, printed in : *Case 6,* op. cit. p. 215 f1.

100 Doc. EC-504, *IM T,* vol. 36, p. 578 f., letter from Hjalmar Schacht to Funk, 17. 10. 1940. - "In order to avoid German banks working alongside or against each other in the occupied western territories," Schacht reported, "you had assigned Deutsche Bank the task of clearing the way for closer economic cooperation with Holland, and gave Dresdner Bank the same task for Belgium." (S. 579).

101 Ibid.

102 Minutes of the meeting of the Grand Advisory Council of the Reichsgruppe Ind ustrie on Oct. 3, 1940, BA Wollen, Akte ÄÄ'erkleitun g Gajewski, No. 111, Bl. 43, fi5.

3. Main forms of acquisition of third-party companies and equity investments

a) The InsIiIuI of the "Treiihnridsch'ift". Dir. "Arisieruug"

Immediately after the invasion of the German troops, a large number of representatives of the German industry, banks and trade were appointed as provisional administrators, so-called trustees, in the companies, or they allowed themselves to be appointed as prepared. The military authorities (armaments inspectorates) and especially the civilian occupation authorities worked hand in hand with the responsible supreme Reich authorities. The major properties went to the large corporations, while medium-sized and smaller ones were brokered to German buyers of all needs, primarily by the major German banks and their "sales banks" in the occupied countries.

The commissars or trustees, mostly Reich Germans, were "experts" appointed, o r at least approved, by the leading monopolies in all major companies. I n many cases, the corporations had already selected them and prepared them for their tasks before the campaign even began, and they moved into the object in question directly in the wake of the fighting troops.

\\ During the provisional administration, all rights and powers of the owners and previous)'erwalter, Vorstiinde etc. expired. Sie gingen auf die Treuhiinder über, die offiziell nur gegenüber rler Stelle verantwortlich waren, die sie eingesetzt hatte, also der \\ irtschaf tsabteilung bei ‹ler deutschen Zivilverwaltung oder der Rüstungsinspek tion. With the approval of these offices, they could also

"change the object or legal form of the company", close it, liquidate it or sell it. I n Holland, the commissioners of companies owned by Jews did not even require such authorization.* [3]

The issue of ownership was the focal point of the disputes between the Reich authorities and the leading Icon corporations over the institution of trusteeship. As far as Jewish property was concerned, which had fallen under commissarial administration, the administrator was given the right to buy the company for the Jewish owner to an "Aryan" German inter- est on the \\'ege rler "forced aryanization", often through general occupation decrees. T h e caller and the "trustee" were usually identical, except in the case of equity investments, which were usually managed and offered for sale by German banks. This was the cheapest and safest way to take full possession of the loot.

I G Farbenindustrie AG had already established the Skodawerke in Austria in 1938.

\Vetzler AG "aryanized".* I n Poland, the I G "aryanized" according to a long-prepared plan

103 cf. *Ulsliö(er,* O/ riec/, op. cit., 5. 26 ff.

i0fi s. C apter I.

the Polish paint factory \\'ola by having its young owner, ff aurycy Szpilfogel, and his family deported to Ci hetto without further ado.***

In the \i'esten, especially in Holland, the Aryanization business was carried out on a broad basis and on the largest scale. The major banks got involved, above all Dresdner Bank, and sold hundreds, even thousands of foreign companies in a wide variety of "price categories" to companies in the Reich. To this end, they rapidly built up an extensive institutional and organizational apparatus that was closely interwoven with the official apparatus of the German military administration. Here, with preference given to the old construction clientele, younger, up-and-coming, so to speak, ambitious German entrepreneurs were also served, who have since "risen" on various occasions to the leading ranks of today's West German financial capital: Helmut Horten, D uisburg, the rulers of the 0etker Group and others. Dresdner Bank and Commerzbank submitted lists of these transactions to the Reich Ministry of Economics and the other responsible offices for approval. Deutsche Bank was even able to "pass on its proposals continuously by telephone" from Holland.*

b) Fiduciary administration and Aigenfums/rage

However, such a simple \"experience of obtaining property rights from the trusteeship did not exist in the majority of cases - and this institution was applied in all occupied countries and "in most of the more important economic enterprises" *** - did not.

Whether the foreign property was state-owned or prix ates - on this point, the authorities themselves remained somewhat firm vis-à-vis the telephone monopolies. An immediate transfer of ownership, which the corporations were pushing for, seemed neither advisable nor possible. Although they considered the "final victory" to be assured, the conditions after the war, on which the peace settlement and thus all possible political and economic combinations, but especially the extent of the spoils of victory available, depended, could not yet be foreseen in reality, despite all the "large-scale planning".

iUt the military successes, the demands of the 8lonopolies finally grew out of control. At a meeting of the Commercial Committee of the IG Farben Group on August 20, 1940, for example, it was stated "that it is difficult to take a position on the overall complex of Holland at the moment, as the Dutch

)\'irtschaft with regard to the interests of the German economy and in particular with regard to the interests of the IG Group only in connection with Dutch companies.

105 Doc. NI-10 fi16 ; Aff. Maurycy Szpilfogel, Case VI, ADB 56, DZA/FS, IG-Farben-Prozeß, Film Nr. 419 ; Doc. NI-707, Szpilfogel to G. v. Schnitzler, Jan. 16, 19fi1, ibid. Cf. also Case VI, Protocol p. 2628 d., Interrogation of **Szpilfogel** (G K).

106 t/fshö/er, *Ot{ried,* op. cit., p. 51, note 165.

107 Ibid., p. 19.

tlish-I ntlien can be considered (e.g. Shell, quinine)." *< llansfeld AG (Salzdetfurth Group) justified the priority of its claims to the Yugoslavian copper mines near Bor (French participation) on the grounds that the competing metal company, which had taken over the large Hoboken copper refinery in Belgium, "would have priority with regard to Hoboken in the event of a subsequent distribution of Katanga" * - an argument with which the metal company was understandably not satisfied, as the Belgian Congo was unattainable for them at the time. In a statement issued by the If etal Industry Group on 22 October 1940, it was also stated as a mediator that "the interrelationships of the metal industry can only be structured appropriately in a higher sense when the final political result has limited the coming \\'economic areas." ***

As early as *3* mi 1940, Rudolf Stahl, the head of the Salzdetfurth Group, who wanted to lease in the Alsatian potash mines, was told by Funk that there was "no point in g e t t i n g into a storm about this matter now, as there is no need to take it any further. First of all, the confrontation with England and the end of the war must be awaited". *** The Mori tanker companies "because of the unresolved political situation with France" **2 rlich t pushed through with their FOrderuTlgen after the transfer of ownership of the Lorraine and Luxembourg steelworks.

The foreign companies were frequently and often as a precaution firmly intertwined with capital groups in other countries that were not or not yet at war and whose sympathy or new ties were important to the German imperialists for a variety of reasons. This was particularly true of the USA and Switzerland. Other companies, such as the aforementioned Solvay Group, had widespread international capital influence and worldwide commercial connections, so that hasty expropriation ran the risk of provoking measures by the opposing major powers and other countries that would have nullified any prospect of exerting influence over these connections and exploiting them economically or politically.

In addition to these external contradictions, if you will, between the monopolies' unrestrained drive for expansion and what was achieved militarily and could be secured with the regime's means of power, internal contradictions were also a factor. \You contradict the fascist authorities on the rapid and final

108 Doc. NI-6160, Minutes of the 35th meeting of the Kaufmdnnische Ausschuss, printed in : *Kmz:ynski,* Jürgen, Studies 1918-19fi5, p. 207.

109 Memorandum from the company, Oct. 16, 19fi0, cited in : Radaridt*, Hans,* Kriegsverbrecherkonzern Mansfeld, op. cit. 0, p. 2fi6.

110 WFA YYB Kali, A I I, Sa, ia, Bor, No. 3, quoted from a lYtanuscript by Kurt Ohlenvillage.

111 WFA YYB Kali, A II, Sa, la, BF, no. 13, Stnh1 to Zirkler (Yors. d. Aufsichtsr.), July 26, 1940.

112 8. doc. NI-2513, memorandum Basler for Flick, 20 J an. 1963, printed in : *F'oll 5, op. cit.* S. 25011.

division of the spoils. The competition of interests among the powerful monopolistic contenders for the best pieces of the spoils was not so detrimental to the internal unity of the regime that one could or would have wanted to add fuel to the fire by finally regulating ownership. Even at the beginning of the disputes over the Lorraine estates, General v. Hanneken, Undersecretary of State in the Reich Ministry of Economics, expressed his resignation to a Flick director: "We are now experiencing exactly the same spectacle as in Upper Silesia in Lorraine. Everyone is scrambling for Rombach, Ha}'ingen and Differdingen, and the other plants will be offered like sour beer in a while." The provisional refusal to transfer ownership at least gave the Reich authorities some defensive arguments, albeit weak ones, to use against the eIonopolies, which came up short in the allocation of such coveted properties.

"trustees" of the properties in question were not able to obtain income from the Reich even later.[115]

After all, their own demagogy certainly forbade the fascists to allow big capital to enrich itself too openly and publicly with the spoils of Europe. According to fascist 1°propaganda, the fruits of the war of conquest were to benefit the people. The plan deluded the ordinary soldiers, the fascist-educated youth, small businessmen and small employees, farmers and workers into believing that they would lead a carefree, even opulent life as owners and entrepreneurs at the expense of the conquered countries and peoples, in order to raise their morale in the war. This appearance had to be maintained to a certain extent.

Official transfers of ownership, as in the case of Boru ta to the IG Farben Group ***, remained exceptions, which were also disguised as carefully as possible to the outside world. However, from the outset, the provisional administration provided the German owners with the most favourable opportunities imaginable to acquire foreign property, if not through "forced aryanization", then by means of a rapidly accelerated private "interlacing" - for example, acquisition of shareholdings by the administrator, after sale by the same administrator, with the help of one of the banks also provisionally administered by major German banks.

Moreover, there was a more than tacit general agreement between the fascist authorities and the administrators, at least and especially the most powerful among the trustees and trustee companies, that after the war they would be the first candidates for the "sale" of the companies they administered. The coal and steel companies had taken this for granted for the Lorraine

113 Doc. NI-3529, recording Burkart (Flick Group) on consultation with v. Han- neken on Aug. 27, l9fi0, Aug. 28, 19fi0, printed in : *Case 6, o p* . cit. p. 235.

llfi That such arguments were actually used can be seen, for example, in Doc. N1-3018, Hermann Röchling to v. Hanneken, Jan. 22, 1941, ged r. ibid, p. 24fi.

115 s. Doc. NI -2513, printed ibid.

116 s. Case Y I, ADB 55 and 56, various documents, DZA/FS, IG Farben trial, film no. 418 u. 419.

\\'erke so6ar i n writing, and it was assured to them in writing. [117] "It was clear," v. Hanneken recalled later during the Flick process, "pale after the end of the war, the \\'works in \Yes ten ... could have been acquired by the trustees. This incentive had to be given in order to achieve the highest possible production. The trustees came to me and asked me why we didn't give them the \\'works right away. I always refused because during the war I didn't think the distribution was wise.

appeared. As far as I am aware, the right to subsequent acquisition has never b e e n revoked by any party. " [118]

Regardless of all the assurances for the future, the authorities have met with Ä4onopolen auf weni6 ¥'erstiindnis für das von ihnen praktizierte System. Depending on their position in the battle for the spoils, the reaction of the corporations was

different. \The companies that were themselves affected as trustees a t t a c k e d the official line more or less vehemently; for others, they were happy to practice modesty. "As long as the war lasts, i.e. until the peace is concluded", declared the royal corporations, certain of their entitlement to the Lorraine \Verke, they would refrain from doing so,

"to raise any claims for the transfer of ownership or purchase rights to mines in the Minette district or to iron and steel works in Luxembourg or Lotharingia, on the understanding that any claims filed by any other party will not be asserted against them in the future and will be heard before the

be preferred to their own." [f19] Flick, on the other hand, immediately reported a tak tisch Although he could not register any "direct ownership claims" from the time before Versailles, he was by no means inclined to let others in the D'esten or in the east scoop off the fat alone.* Later, as late as 1943, Flick, because the basis of his claims in the \Yesten was weaker than that of the Ruhr companies, pressed particularly hard for an immediate purchase agreement for Rome.

bach.[121]

117 s. Doc. NI-048, **Ernst Poensgen to Funk, June** 7, 1940 ; Doc. N I-0fi9, letter from **Funk** (on behalf of v. Hanneken), 31. *3a-*. **1941,** concerning the **ironworks in Lorraine** and **Luxembourg** (to **Poensgen),** printed in : *Case 5,* op. cit. p. 218, 246.

118 Doc. NI-6019 (F), Aff. v. Hanneken, April 23, 1947, printed in : Kticzyrtski*, Jiirgen,* Studies **1918-1945,** p. 20l f.

119 Doc. N I-048, Poensgen to Funk, June 7, 1940, printed in: hoff ö, op. cit. p. 218.

120 s. Doc. NI-048, Minutes of the meeting in the "small circle" on June 7, 1940, printed in: P'iff 5, op. cit. p. 217 ; Doc. NI-3513, Flick to Buskühl, 23. 6. 1940, printed ibid. p. 228d.

121 s. Doc. NI-2513, memorandum Basler for Flick, 20. 1. 19fi3, printed in : *Case 5,* op. cit, p. 250 ff. Further doc. NI-5fi87 and other doc., Case Y, ADB llB.

The economic preparation on the war against the Soviet Union

1. The expansion strategy of German imperialism towards the USSR R

The main expansionist demands and aggression slogans of the Hazi- cl'ique, above all the demand for "Lebensraum", were formulated comprehensively enough to describe the foreign policy interests and goals of all leading groups of German monopoly capital. As important as the role played b y t h e fascists' "Lebensraum" theory was in the demagogy, in the revanchist, chauvinist confusion and incitement of the people, especially the petty-bourgeois masses, it also accurately reflected the general expansionist ambitions of German finance capital.

I t was obvious to all \Yelt even before the German monopolies pushed the Nazi clique into power in which direction Hitler intended to look for that "living space". This direction corresponded to the basic imperialist interests of the monopolies in several respects. Their greed for the exploitation of the inexhaustible productive forces and material resources of the Soviet country was combined with the desire to extinguish this beacon of proletarian revolution forever. The "drive to the East" under the Hakenkreuz represented nothing other than the double objective of fascism condensed into a crude formula, a symbol of both its greed for expansion and its program of extreme social reaction.

The I(ontinuity of German imperialism's expansionist Ostpolitik can be traced back to a time when the fascist movement was not yet a thing. As early as the First World War, its war aims, especially those of the all-German, predominantly heavy industrial group and the J unkers, extended to huge annexations in the East as well. Since the October Revolution, however, the planned expansion to the east was no longer just a matter of

1 s. *Kuczynski,* Jürgen, Lage der **Arbeiter** 1900-1917/18, p. 206 ß. ; *Gutsthe, Willibald,* Erst Europa - und dann die Welt. Problems of the war aims policy of German imperialism in the First World War, in : ZfG, H. 5/1964, p. 745 ff. ; *Baxter,* ll'errier, Deutsch- lands Annexionspolitik in Polen und im Baltikum 1914-1918, Berlin 1962 ; *Fischer, Fritz,* Griff nach der Weltmacht. Die Kriegszielpolitik des kaiserlichen Deutschland 1914/18, Düsseldorf 1961, 3rd ed. Aufl. 1964 ; *Petzold, Joachim,* Zu einigen Kriegszielen des deutschen Monopolkapitals im ersten Weltkrieg, in : ZfG, H. 6/1960, p. 1396 fl.

an imperialist conquest, but rather a very important part of the I(1assenkampf strategy of \(world imperialism against socialism and for the everlasting restoration of capitalism in the land of the Soviets. From the very beginning, German imperialism was one of the bitterest enemies of the first socialist state.

After the war, German imperialism had to maneuver in the international arena for a long time before it was able to have a say again economically and politically, so that, realistically speaking, the bourgeois state miners were given a temporary opportunity to pursue a policy of rapprochement with the Soviet Union. The most reactive elements of German slonopoly capital, however, gathered from the day of the October Revolution onwards under the slogans of anti-Bolshevism and anti-Sovietism, which were life-threatening for the German people, and took part in the international agitation and agitation against the young Soviet state in the hope of seeing their efforts rewarded by political appreciation among the leading imperial circles of the \\'East and one day by expansion towards the East, or at least by participating in it. August and Fritz Thyssen, Hugo and Edmund Stinnes, Arnold Rechberg and August Diehn, Duisberg and Hugenberg, II irtlorf, K rupp and Schach t were its best-known exponents. Consequently, the fascists found their most sympathetic patrons in these companies.

In the Hitler dictatorship, the llonopolies for the first time ruled over a state that officially declared anti-communism to be the state doctrine and utmost aggression towards the Soviet Union to be the supreme llaxime of its foreign policy. They wholeheartedly agreed with this program. Corrections were only desired by certain J'lonopol groupings insofar as they very urgently c o n s i d e r e d other parts of the \\'world worthy of redivision to their benefit, for example the African continent and other colonial territories.°

2 "The **possibility for** the German Yolk to **harm** space in the East **cannot** be realized **so** quickly that one should not think of other areas that even then

'- ru ,ig" ii s \\ t'r'1 1i le ilie i i . \\ " i i i i i i i i i 'l'i- i l i i i i isi- i"'s \ "l k"s i ii i l)S l i i- i i i i i'- ti i- 1.1 t-i iii s tii 1.1 i'n gr'- f u ntlci i 1i:i 1'e ii u'ir' l " (li 'ilo in iii l p r'igi*, i iii n i '1"r l le tt1s"li"n 13u n c u ittl J) iscou to-ti ps. f. 11 it ler, 2U. 1Il. 1!l:1.4, 1.1 \\' I. Ü i'. ?'!l(i 1, l3ml. i '. /frt'/ri itr/f, //rt ii.s. To the Bezi"ll um gen ... ,

S. '-S. I'll. 'um li ' l'-ii ,.lkol"ni.ili'n1litisi'i*us", ili-i' etu.i l93fi ejn etztp tiltd 1940/4.1 again made violent waves ; see *lVeinberg, Cerhord L.,* German Colonial Plans and Policies 1938-1942, in : Geschichte und Gegenwartsbewußtsein. Festschr. f. Hans Rothfels, ed. by IY. Besson and F. Frh. Hiller v. Gaertringen, Göttingen (1963),

p. 4G2 ff. (here the colonial interests and plans of the itlonopolies in particular are under- stood) ¡ *Groeliler, 0 la(,* Kolonial fordern als Teil der faschistischen Kriegsziel-planung, op. cit., p. 547 fl. ; *Radandt, Llans,* Zur Geschichte der kolonialistischen Be-strebungen den tscher Finanzgruppen gegenüber den Ländern Afrikas, op. cit., p. 79 ff. ; see also chapter lY.

a) The /?riegs-ziele der -\Monopole

The leading circles of German eonopoly capital never lost sight of expansion to the East as the "final solution" (Hitler's four-year plan memorandum) to their problems. Even from the last years before the war, the aggressive attitude and direct activity of leading corporations and ionopolists towards the Soviet Union can be seen in various important documents - although their memoranda, the minutes and notes o f their deliberations and negotiations are still largely awaiting discovery. In his memorandum of August J936, Hermann Röchling g a v e Hitler " Thoughts on the preparation for the war and its implementation". He emphasized the need for a war with the Soviet Union in particular; this war would be
"a battle for our existence". Heinrich Lammers provided the memorandum in the Reich Chancellery with the note that it contained familiar ideas and offered no new points of view,[3]
I n fact, at the same time Hitler was already working on his memorandum on the Four-Year Plan, which was based on drafts by the group around 1G Farben director Carl Krauch from G öring's Raw Materials and Der isenslab." It spoke of "Bolshevik attacks", of the Bolshevik "\\'elt danger"; under point 6, however, it said: "The final solution (to Germany's economic problems - D. E.) lies in an expansion of the living space or the raw material and food base of our people. It is the task of the political leadership to solve this question one day." [5] With the Four-Year Plan, \\'oh1 initiated the economic preparation for a war in the West ¡ but at the same time, as Göring explained to the Council of Ministers on 4 September, he "proceeded from the basic principle that the settlement with Rtlß1 illd ildil avoidance was necessary".[6] I n this respect, the Four-Year Plan memorandum, drafted under the direction of a measured
¡;e involvement of the IG Farben Group, as an example of the furious, aggressive anti-Soviet agitation at the Hitler Party congress in mid-September 193G and in official policy in the period that followed.
After emigrating from Germany in 1940, Fritz Thyssen reported on an informative meeting of the Reichsbank's Central Committee in May 1939, a quarter of a year before the outbreak of war, which he had attended. In front of those present
:sen'len top tler financial oligarchy spoke \\'ilhelm fteppler, longtime first
\\ economic advisor to Hitler, now Secretary of State in the Foreign Office. Keppler outlined the foreign policy situation to the monopoly powers and emphasized

3 Doc. NI-299, Case XI, ADB 29A, DZA Potsdam, Case XI, No. 291, p. 152 d. ; see also Sheet 161, note by Lammers dated Sept. 19, i836.
4 Doc. N I-4955, memorandum of August i936, Case V I, A DB 25, printed in : *Treue, Wil-Ulm,* Hitlers Denkschrift zum Vierjahresplan 1936, a. a. 0. See also Chapter I.
G Treue, Wilhelm, op. cit. p. 206.
6 Doc. EC-416, Minutes of the Council of Ministers meeting of September 4, 1936, *IM T,* vol. 36, p. 490.

the aggression against the Soviet Union. Thyssen repeatedly quoted Keppler's highly approving statement in this regard: "I t must be Germa- nized as far as the Ural Mountains" - the Soviet Union must be ger- manized as far as the Ural Mountains.[7] Such plans corresponded fully with his and his peers' feelings of hatred towards the Soviet Union. Thyssen added to this in his book, full of genuine, if unfounded, indignation at the German-Soviet I' ich tangrill pact concluded between them: "I had always warned industrialists, as well as military circles, against a rapprochement with Communist Russia. For me this reg iin" was the enemy of Germany and of Europe as a whole."

In this respect, Thyssen represented a significant group of elonopolies who had become supporters of the I "Iazi party, fascists, precisely because the Hitler clique had taken up the cause of the fiercest anti-communism, the crusade against Bolshevism and imperialist expansion towards the East; and they were unconditional supporters of the regime as long as this remained its declared main goal.

\During the war, German imperialism in the Soviet Union was initially economically concerned with increasing its war potential, with the help of which it later intended to expand against Great Britain, far beyond the borders of Europe and finally overseas. But if we examine his actual war aims, we think first and foremost of the fundamental aims of the German monopolies in the Soviet Union. It was precisely these goals that formed the I(ernpiece of his great, x ielfiiltige Eriegszielsprogramm of spreading his rule over Europe and the \Yelt. The Ud SSR thus occupied a very special, central place in the "I "Ieu- order", in the "peace planning" of the leading corporations.

I n the first period of the war, the German-Soviet non-aggression pact was in force, and aggression against the Soviet Union was no longer publicly propagated or discussed. In the official discussion about clie

"Reorganization of the European Greater Area" since J une 1940*, there was restraint as far as the involvement of the Soviet Union in such planning was concerned.

I n the internal politics of the ruling class, however, the situation w a s quite different. Firstly, the leading corporations and the most important state monopolies were

\Your business associations about the situation and about the real views of your company

7 *Thyssen, Fritz, 1* Paid Hitler, Lond on/New York 1941, p. 47 ; see also ibid. p. 56, 71fI, 285 The subject on which Keppler spoke was at that time a general topic of discussion in internal circles of the ruling class and corresponded to the subject of their war plans; see Chapter I (Iirauch Report to the "General Council of the Four-Year Plan" in April 1939) and Chapter IV.

8 Ibid, p. 72. ("I have always warned industrialists and military circles alike against any alliance with Communist Russia. For me, this regime was the enemy of Germany and the whole of Europe.")

9 s. Chapter IV.

Nazi leadership and the älilitärs were fully in the picture.** By the end of l9fi0J early l9fi l at the latest, the leaders of the Reichsgruppe Industrie, the Reichsvereinigung Itohle,
'les Reichsamts für \i irtschaftsausbau, x erchiedener \\'irtschafts- und Fachgruppen etc. highly intensively involved in the general economic I "orbereitungen auf "Barbarossa" **.
Secondly, however, special state-monopoly organizations had already been set up in many states before 22 June i9fi1, which were intensively preparing for the seizure of the Soviet \\'economy and its material resources. It was the leading corporations themselves and their "self-governing" bodies t h a t were involved in the formation of the x iel-layered state monopolistic apparatus of these organizations - as well as a large number of state authorities and military departments, The leading ones were above all Göring as commissioner for the four-year plan, then 0H\\' and 0 EH, the Reichswirtschaf tsministerium and Rosenberg's Arbeitss'tab, the later "Reiclisministerium für die besetzten Ostgebiete". One of the parts of this apparatus was the "Wirtschaft sstab z. b. V. Oldenburg". It was a military-state monopolistic collection organization that w a s responsible for the immediate plundering of the country and the "securing" of all kinds of economic goods.12
A second apparatus existed in the system of the so-called Eastern societies,
Although the majority of the old companies were only founded after the invasion, they w e r e already anticipated in terms of their \\' esen in the "Kon- tinentale Öl AG".13 In the Eastern companies
the direct share of the llonopolies in their founding mtl activity, although very uneven in individual cases, was generally 'loch x ie1 greater than in the \\'irt- schaf tsstab "Oldenburg". The "Eontinentale Öl AG" and the "Berg- und Hüttenwerksgesellschaft Ost m. b. H." (BH 0) stood out in this respect.
Another device came to light on June 22, l9fil and in the days immediately following. In one fell swoop, a comprehensive, sophisticated 0rga-

10 Remarkable in this context are two parallel statements from leading companies from early May 1941, **when the fascist conquests** in the Balkans were over and preparations for the invasion of the Soviet Union were entering their final stages. Paul Henrichs, one of the two managing directors of the Zeiss Group, wrote to a friend on May 5: "In the meantime, the Balkans have been cleansed, and now we can once again plan what to do next." *(Schumann Wolfgang,* Das Kriegsprogramm des **Zeiss-** Konzerns, op. cit. p. 722, Henrichs to Leistenschneider,
?o. May 1941). In the economic department of the IG Farben **Group**, people were also "waiting for new events and new special announcements with fanfares" and were eager to hear "which fanfares would now come instead of 'Prinz Eugen'". (C'soffefi, 6oso'itJc, Estnische Phospliate im Griff d er IG Farben- industrie AG, in : *3 X¥* G 196G, T. 4, p. 210, " Feldpostbrief" der Yowi vom 9. Mai 1941).

11 Carl Ilrauch see Case Y I, Protocol, Prosecutor's presentation of evidence, p. 911 (G K). For the RY K, cf. chapter I I I. However, research remains to be done on forms of direct influence, the direct influence of the eIonopolies on the military-political planning and decisions in 1940/41.

12 For information on the "Olden burg" management staff, see Section 3.

13 For information on "Kontinentale Öl AG", see Section 3.

nization of leading German corporations to take possession of Soviet industry grew out of the ground with mountains of scientific documents and statistical material. This mechanism was managed directly by the monopolies through key corporate representatives. State monopoly bodies such as economic groups and specialist groups were obviously involved. According to detailed plans, the organization was to immediately transfer the large-scale industry of the USSR to German companies.
"godfather companies", i.e. to the leading German corporations themselves. Apparently established under the aegis of the Reich Ministry of Economics, it took the first and earliest steps towards the direct *realization of the war aims of German IYlonopolies in the Soviet Union.
On the fourth day of the invasion of the Soviet Union, the head of the department
The Otto Wolff Group issued a strictly confidential memorandum at the beginning of the report, which stated: "As is well known, the progressive military occupation of Russian territory is intended to set up an extensive economic organization. For the iron and steel sector, the following leading personalities are planned for the four administrative districts (Leningrad, Moscow, IIiev and the Caucasus):

1. for Leningrad Mr. Director Korschan (Krupp A. G.)
2. for Moscow Mr. Director Gärtner (Reichswerke Hermann Göring)
3. for Kiev Mr. Direk tor Dr. vom Bruck (Hoesch A.G.)
4. for Caucasus still unoccupied." '*

The staffs of this "widely ramified economic organization" already existed at that time. For example, the previous staff of the Hoesch director s om Bruck consisted of seven 6lanagers and faclileu ts: Becker (Hoesch AG), Bleckmann (Schoeller & Bleckmann), Brulin (Gute-Hoffnungshütte), Faulhaber (\Yirtschaf tsgruppe Eisen schaffende I ndustrie), Eü ttner (Fachgruppe Edelstahl), Ostermann (\\'irtschaftsgruppe \\ʳ erkstoffverfeinerung-), \Yesemann (älaxhütte).
"**Dr.** vom Bruck'**s** area of responsibility includes the iron-making industry, the foundry industry and the refinement of materials, and probably also steel and iron construction; **Dr.** vom Bruck will also be responsible for the distribution of ores. Dr. vom Bruck informed me in the course of the l'nter-
The company was informed that \Yerke 22, 23 and 24 as well as H'erk 41 w e r e intended for maintenance (of a technical nature) by the Otto \Yolff group. "15
The \Verken in question were large Soviet steel and \\'alz- plants. A whole series of "comparison lists" were circulated, according to which the German companies allocated the Soviet Union's steel industry to themselves. Such lists were available from both the leading i'ion companies and the \\'irtsé1iaftsgruppen

l4 Hans Reichard memo, 25. 6. 19fi1, ÄYA P **iiatowice,** Oberschlesischer Berg- und Hüttenmännischer Verein, Gleiwitz, No. 35, **fully** printed in : *CzoHek, Roswitha,.' Eichholtz, Dietrich,* Die deutschen Älonopole und der 22. Juni 19fi1, in : ZfG, H. 1/l9G7. S. 721.

l5 Even a.

They contained detailed and fairly accurate information on the location, structure, condition and capacity of Soviet factories. There was a list of around 200 iron and steel producing plants, with over 200 pages ("Die Lage und die Ausrüstungen der Eisenindustrie der Sowjetunion", Berlin 1941) **, as well as a "Zusammenstellung über die Metall versorgung Rußlands sowie über die in Rußland x-orhandenen Metallerzv orkommen, Gruben und Fletall- hütten" under the heading "Großraumwirtschaft". The material for these extensive preparations for a "reorganization" in the East came from the economic and foreign departments of leading corporations such as hIetall-gesellschaf t and Degussa and from semi-official institutions, especially the Institute for)\'irtschaftsforschung and its subsidiaries.

The impending battles for the spoils became apparent early on. On 26 June, Flick received news and information from his company "that distribution plans were already being drawn up with regard to the Russian \\'plants; in particular, the Reichswerke are said to have reported large claims which also relate to the coal deposits in the Ukraine. In addition, Mr. SchwedeJV(er- einigte) St(ahlwerke) is said to be pushing for a larger allocation to the ¥"ereinigte S tahlwerke. Various other companies are also said to have already made contact." *>

The coal and steel companies in Upper Schle- sland had particularly far-reaching military objectives in Eastern Europe. In the Soviet Union in particular, they wanted to finally make up for the lead that the Ruhr had always had in terms of economic and political stature. In addition, the ground that the Ruhr companies had gained through their almost exclusive participation in the loot in France had to be made up. The Upper Silesian magnates and managers thus planned to assemble an oversized industrial complex that was to stretch in a huge circle from the North Sea across the Donetsl'ecken and the Black Sea to the Bosphorus. Their main line of expansion pointed eastwards, towards the Soviet Union.

At the beginning of July 1940, the Oberhü tten Group and the company it controlled had "Upper Silesia District Group of the Iron and Steel Industry" in its answers to the above-mentioned inquiry from the \\'irtschaftsgruppe Eisen schaflende I ndustrie s om 26 J uni 1940 about the \\'ünschen der lionzerne for the future "Friedens-

Ic "One of the lists available at the **economic group**" **contained,** as the representative of the Otto-\Volif Group **was forced to** note, different names **for** the paid **plants** or a different I'i umeration than that of vom Bruck (Reichard memo, July 1, 1941, WAP Katowice, op. cit.).

17 \VAP Ilatowice, mountain hut Cieszyn, no. 605.

18 **With** joint accompanying letter from the metal ore mining and **metal** producing industry groups dated May 29, 1941, \VAP Katoxt-ice, Bergwerksverwaltung Ober- schlesien GmbH der ' Reichsiverke "Hermann Göring", Hauptverwaltung, Kattoivitz, No. 6 ; see also *Radandt, Hans,* Kriegsverbrecherkonzern Mansfeld, op. cit. p. 262.

19 **Doc.** N I-5722, note Hahl **for** Flick, June 26, 1941, **printed in** : *Case 5,* op. cit. , p. 257 (as Doc. N I-i3395 [F] also in Case X, ADB 52).

regulation" demanded "that ore fields and mines in Scandinavia, which were in enemy possession, be reserved for Upper Silesian iron-producing companies." °* In September 19fi0, the aforementioned group carried out extensive research into the ownership structure of Swedish and Norwegian iron ore mines - in search of the "property of enemy foreigners".[22] In a large memorandum x om i5. October i9fi0 on the "Compilation of the entire Upper Silesian iron and steel industry", General Director Alfred Po tt, already certain of success, stated: "One of the main tasks for the future is firstly to secure our own ore base in Scandinavia, and possibly also in the Balkans. Corresponding steps have been initiated."

From the period immediately after the invasion of the Soviet Union, there was probably an elaboration by the Upper Silesian Institute for Economic Research on "Structure and Problems of the Upper Silesian Industry", in which it was explained in detail that "in view of the fact that the Upper Silesian industry has come away empty-handed in the distribution of iron ore resources in terms of ownership or influence, both in the west and in the south and south-east of the empire, it is not only necessary to secure it a preferential position in the distribution of Swedish ore. Rather, it must also be demanded that, in the future regulation of economic relations with the East, its rich iron ore deposits, which are still far from being developed or exploited, be made accessible to the iron-making industry in Upper Silesia with the same exclusivity with which the iron ores of the \'West are made available to the iron-making industry of the \\'East, those in the south and south-east of the iron create industry in the Ostmark." 2*

The annual report of the Oberhü tten Group for i 9fi0Jfi i, published around the same time, praised the fascist invasion of the Soviet Union: "… the shining S\'a1Ientations of our outstanding \\'ehrmach t will have an impact on the fate of the Soviet Union.

20 s. Chapter IV.

21 Letter from the managing director of the district group to the economic group, July 2, 1940, WAP Katowice, Oddzial Terenowy w Gliwicach (OTG), Graf v. Ballestrem'sche G üter-**direktion, no.** 735, p. 295. The hand file **of Dr.** Monden, **a close collaborator of** Alfred Pott, the general director **of the** Oberhütten-Baßestrem group, cited **here, also contains** the **memo** from II onden-Pott dated June 29, which served as a template and to which she closely adhered: "After western industry will receive enormous values of cheap ore stocks in the Lorraine ore basins, the ore would have to be mined. June, which served as a **template for** the district group and to which **it** closely adhered**:** "Since the western **industry** will **receive enormous values** in cheap ore stocks in the **Lorraine ore basin, it should be demanded** that **the** Scandinavian, especially the Swedish ore fields and mines, insofar as they were in enemy possession, **be reserved** as far as necessary for the iron-producing **companies of Eastern Silesia**, i.e., **these groups should** be granted **a right of first refusal on this property.**" (Ibid., p. 293).

22 Ibid., pp. 173 ff., correspondence with the I nstitute for the World Economy, Kiel.

23 WAP Katowice, OTG, Oberhütten, no. 1244.

24 WAP Katowice, Upper Silesian I nstitute for Economic Research, no. 11, p. 123. **The institute** was founded **during the war as a subsidiary institute** of the **Silesian** I nstitute for Economic Research, Wroclaw. Wirtschafts forschung, Breslau (this again a subsidiary of the Deutsche frist. German frist. f. Wirts chaftsfor- **s c h u n g** , Berlin), under the patronage of the Upper Silesian **corporations.**

Europe f o r a n unforeseeable period of time. For us in the newly formed Gau 0bersc,hlesien (since January 1941 - D. E.), the prerequisites have thus been created to f i n d a secure solution to the tasks assigned to us in the development of the territories gained." A year later, the Upper Silesian Institute for Economic Research was heard once again with a report on "Upper Silesia between the Ruhr and the Donbass". According to this report, "in the future, the east - namely the Ukraine and the Donets Basin - will b e c o m e the foreland for the Upper Silesian iron industry". The same applied to coal. This was precisely the "purpose of our U'ape's mighty struggle in the East"› 26

A company as important as IG Farbenindustrie AG built up its own conquest apparatus for a specific production area in which it had a particularly strong interest, in this case for Buna. The IG was primarily interested in two areas: It intended to bring the Soviet crude oil and the Buna factories under its firm control. The possession of these treasures of the Soviet country, especially the \'control of the oil, appeared to the German imperialists as a pledge for the continuation of the war and for the "final victory"; at the same time, however, the IG Farben Group saw this as its main war aim in the East, its actual area of interest in the long term.

\\'While he intended to assert his petroleum interests via "Kontinentale Öl AG" [2], he was interested in something even more important with Buntl, namely his ¥ \ 'elt monopoly, which was to be perfected and secured through the direct incorporation of the Soviet \\'plants. On the day of the overfall, the company's "Buna Commission Russia" under lG Farben director Otto Ambros came into action. Ambros and his people were, as he was six days later, on 2ß. J uni, he informed Alfred Pott that they had already been "under a great deal of pressure in the past two weeks in connection with the recent war events". On the same day, Ambros reported to Carl Erauch, who was now both Chairman of the Group's Supervisory Board (after Carl Bosch's death in 1940) and head of the Reich Office for \\ Economic Expansion, on the high level of the

\'or work for the robbery of the Soviet Buna factories. He sent a complete "list of gentlemen suitable for deployment in Russia to take over the synthetic rubber production facilities there".

25 WAP Katowice, OTG, Oberh ütten, No. 74.

26 WAP liatoivice, Upper Silesian Institute for Economic Research, No. 10, p. 119 f., report of 19. 7. t9S2.

27 s. Section 3.

28 \YAP Katoivice, OTG, Graf v. Ballestrem'sche G üterdirektion, No. 693, Ambros to Pott, June 28, 1941.

29 Doc. N I-4446, Case YI, ADB 63, Ambros to Krauch, June 28, 1941, printed in full in : *Czollek, Rosu'itha|EichhoIIz-, Dietrich,* Die deutschen Monopole und der 22. Juni 19fi1, op. cit. p. 74 et seq. **Cf.** also Doc. N I-fi969, Case YI, ADB 63, Circular No. 1 to the gentlemen of the Buna Commission Russia, DZA/FS, IG-Farben-Prozeß, Film h'r.

All six Buna plants had already been "allocated" by the group, from Erevan and Baku to Kazan. The members of the commission had been carefully selected; they were "trained in the special technology" of the individual plants in order to get them up and running again immediately for the supply of the fascist war machine.

Although the IG Farben I(onzern only had access to a single Soviet Buna plant for six days during the entire I(riege, it nevertheless regarded them all as its own property from the very beginning. In the future, he fought bitterly - and successfully - several times against official authorities (Reichsxvirtschaftsministerium) who denied this "legal claim" to a

\Veltmonopol did not want to recognize it in its entirety.**

£'is can be summarized as follows: In comparison to the "I'teuordnungs" policy and the "peace planning" of the summer of 19fi0, this time the leading monopolies carried out their war planning and corresponding extensive Ä'or- preparations very early and under extensive state-monopoly Iio- ordination. Together with their state-monopoly "self-administration" organs, they had gathered the material that had been carefully collected for ages many weeks and months before the invasion and set up organizations full of plans to pursue their far-sighted expansionist goals from the very first day of the invasion.

This time the olonopolies made the preparations to achieve their goals with the unabashed certainty of gangsters who are sure of their success. In their hybrid plans of conquest and extermination of the country of socialism, they showed themselves to be obsessed with the old and eternally new \\'alin idea, seemingly unreliable with German imperialism, that the socialist order is weak and moribund, that the Soviet Union, or today the socialist \\'world system, can be overcome.

b) The denial campaign against the Soviet Union
tils part of the w'irIscliafIliclien BlilzkriegsL-onzeplion

The decision in the summer of 19fi0 to invade the Ud SSR in 19fi1 was motivated by i'iclayered reasons. It is true that since Hitler's appointment as Chancellor, German hlonopoly capital had been clie

"final" confrontation with the socialist Soviet Union was expected. However, the 'l "ermin and eiodalities of aggression were the result of a variety of political, military, economic and ideological-psychological factors.

30 According to Doc. NI-oP'197, interrogation **Georg** v. Schnitzler, 21. 7. 1945, printed in: *Kutz-ynslti,* Jürgen, Stu'lien *1918-W 6 or,* p. 237 - It was obviously Efremov.

31 cf. various. Yorgänge x-on hov.-Dec. 194 l and June - Aug. 1942, Doc. *R I-üÜ1oT,* N I-fi972, N I-G735, N I-4973, N I-4S71 untl NI-6736, all case 5'I, ADB G3, DZA/FH, lG color process, film hr. 419.

The decisive foreign policy and military considerations of the Hitler clique, the monopolies and the military were supported and supplemented by economic considerations.

A direct involvement of monopoly representatives in the elaboration of Llitler's basic strategic concept from the early summer of 1940 until the "\\'eisung Nr. 21 (Barbarossa)" has not yet been proven. However, it is reasonable to conclude that, in view of the half-conquered Europe, it was not only the military-strategic point of view, but the entirety of the circumstances, that the pressure of the complicated situation made Hitler and also all important groups of elonopoly capital see their decision as the best combination between their main directions of expansion and as the ¥\eg of, as x-imagined, the least \\ iderstand.

t was not possible to wage a blitzkrieg against the British \\'eltreich. A landing on the L'ritian 1nsel seemed to the German al- lithographers to be a risky undertaking, the success of which was uncertain, but would certainly cost very great sacrifices. Initially, however, an invasion would also have been relatively unprofitable economically. Great Britain's economic strength still lay largely in its \\'empire. It was the \\'eltrcich of British imperialism, rather than the mother country, that attracted the German imperialists. \\ If cut off from the supply from overseas, the 1nselreicli, if conquered, would not have been an undiminished economic potential growth for "Greater Germany".

Even the integration of the previously occupied territories, especially in the \\east, into the German war economy proved to be very complicated. The German I mperia- lists were not able to cope with the many \\ contradictions within their new "Greater economic area" was finished. There was no question of a well-functioning "large-scale economy".

\\ As far as the German \\'economy itself was concerned, it was heavily burdened by the rapid expansion of the theater of war and the area of occupation. Although short in duration in terms of results, the campaigns had consumed a lot of war material and equipment. These stocks had to be replenished and overhauled. The occupation of the conquered countries required sufficient manning, fortifications and anti-aircraft protection. A new large-scale military operation to be planned, regardless of whether it was against the East or \\'est, had to require unprecedented armament efforts from the German war economy and corresponding privations from the population.

32 **Numerous** factors **of this kind** are **presented on a broad material basis, but are** evaluated from a **false,** particularly anti-Soviet conception in ***Hillgruber,*** *Andreas,* Hitlers Strategie, op. cit.

33 About this s. bsd. *Bezyinenski j, L. A.,* K voprosu o konecnych celjach **gitlerovskoj** Germanii **vo vtoroj mirovoj** vojne, in : *Y "toru ja mirova jur vojna,* liniga pervaja: Obééie problemy, Moscow 1966, p. 30rofl., bsd. 317 f.

3 fi du the prolilenic n indicated here and in the following, lisd. a ucli to the problemati k of potentiall'ereclination, see in more detail it lisclinitt 2.

demand. Their preparation did not take years, but at most
)ionates were available. Despite all efforts, the most sensitive gaps could not be closed in the empire in the foreseeable future, nor with the help of the occupied territories, but on the contrary had to become more and more noticeable as the production of weapons and equipment increased, even before a new campaign began.
The way out that the German imperialists were looking for was to solve their problems, above all the economic ones, as definitively as possible, but at the same time it was also to be the shortest route and the one with the least \\ resistance. For Hitler, the constantly growing difficulties during the preparations for "Barbarossa" and the urgent ideas about the economic bottlenecks of the war, which were put to him from many sides, finally resulted in the following remarkable "new conception": "The \'course of the war shows that we have gone too far in our autarchic endeavors. It is impossible to want to produce everything we lack ourselves through synthetic \'experience or other pale- nesses. It is impossible, for example, for us to develop our fuel economy in such a way that we can rely entirely on it. All these self-sufficient endeavors take up a huge human demand that simply cannot be met.)ian must take a different \ path and must conquer what we need and do not have. The human effort required to do this on a one-off basis will not be as great as the human effort that is constantly needed to operate tler het save the synthetic \\'plants. The aim must therefore b e to s e c u r e all the areas that are of particular interest to us in terms of defense by conquest."
The planned victory against the Soviet Union was the application of a "theory" that was by no means new, but only the essence of the blitzkrieg strategy.
was on t) he "overall situation", i.e. on the overall perspective of their war, which was also economically unfulfilling for the German imperialists. As Hitler had already announced many years before, this was to be the reason and the end of the war.
p-create valid \\ change: "The huge Russian area holds immeasurable riches. Germany must dominate it economically and politically, but not annex it. In this way, it would have every opportunity to lead the empire in the future, and no one would be able to beat it." >
\\' as the autarchy1'est efforts entered, they had never been anything other than a means to an end for Hitler, G öring and the main groupings of Cleu tsche blonopoly capital to wage "blitzkriegs" as part of their gradual realization of their overall conception of x'om war. Long-term trade relations with the Soviet Union on the basis of peaceful eoex istence between equally entitled states were only possible for the ruling fascist Germany's

35 .memo General Thomas', 20. 6. i941, *14ü6- PS,* Hl. 40. ygl. also ZA/ 7', vol. 3, p. 142 ; *Thomcis,* Georg, Geschichte, p. 3001.
36 "Assessment of the overall situation", 9. i. i9fi1, *K TB ü. ORW,* vol. 1, p. 2o8.

no alternative to the conquest of "living space". Their growing dependence on imports from the USSR since the beginning of the war strengthened the German imperialists' resolve to put an end as soon as possible to the fact that German-Soviet trade relations always remained an inconvenient and uncertain factor in their war plans.

Above all, they did not want to accept the fact that they could not freely dispose of the coveted wealth and resources of the USSR and had to supply useful equivalents for the Soviet \yars. Although the Soviet Union could not prevent its supplies (grain, timber, ores, oil, cotton, phosphates)°* from directly or indirectly strengthening the German war machine ; But in return, it demanded products from mechanical engineering and other important branches of industry (high-quality machinery and equipment, entire armaments, vehicles, \\'weapons), the production of which tied up significant capacities in the German armaments industry, so that the effectiveness of German-Soviet trade for the German war potential ultimately remained severely limited. On closer examination, Birkenfeld even has to admit that the deliveries of the USSR had to be "expensively purchased" by the fascists, that the Soviet counterclaims "in part significantly impaired German armaments" and represented "a considerable burden on the German armaments industry for years to come".

Capturing oil and agricultural products were the most urgent goals of the aggression against the USSR. In these two important points, the \\'economic potential of the European continent was the weakest, as far as it was available to German imperialism for its war. The oil was to be used primarily for direct warfare across continents and - as planned for the longer term - oceans. The food was to be used to feed the \\'ehr- Macht and to keep the German civilian population away from scarcity and thus from discontentment and disenchantment with war.

There was by no means an acute shortage of)'reibstoil and food in Germany. The argument based on the "threat" to the Rumanian oil fields from the Soviet Union, with which old and new proponents of the "Lebensraum" theory and the thesis of a '-priii entive war seek to excuse or at least "explain" the invasion of 22 June, is also of a thoroughly inaccurate and \'er-

37 Detailed export and transit figures from Soviet sources in *Medlicott, W. R.,* The Economic Blockade, vol. 1, London, 1952, pp. 658, 667 ff.; cf. also p. 634. Based primarily on contemporary German statistics and with a penetratingly **anti-Soviet** attitude, *Friedensburg, Ferdiniind,* Die so" **jetis** chen **liriegslieferungen** an das Hitlerreich, in : Vierteljahrshefte zur Wirtschaftsforschung, H. fi/1962, p. 331ff., who **ignores** Medlicott's figures and analyses; not otherwise, but with very revealing source material *Birken{eld,* lYof/gerig, Stalin als Wirtschaftspartner Hitlers (1939-1941), in : Vierteljahrsch rift für Sozial- und Wirtschaftsgeschichte, H. 4/l9ö6, p. 477ff.

38 *Birken{eId,* lYof/gong, Stalin als Wirtschaf tspartner II itlers, op. cit. p. fi90, 493 ; x-gl. also *Thomas,* Georg, Geschichte, p. 227 ff.

logeneity. It was not until the invasion of the Soviet Union and the collapse of the Blitzkrieg strategy that the signs of the raw material and food balances changed fundamentally, and from then on it was the failures of German imperialism in achieving its economic war aims that often had a direct influence on military strategy in the East.

¥\'as the practical prospects for the secure and rapid success of their campaign-plan, an almost pathological optimism prevailed among the leading Nazis and military officers as well as among the Monopolies. For example, General Thomas noted after a meeting with Göring-: " The Reich Marshal agreed with me that an occupation of the Ukraine alone had no Y*ert, but that the oil region of Baku had to be won at all costs. Like the Führer, he was of the opinion that if German troops invaded Russia, the entire Bolshevik state would collapse, and that the large-scale destruction and annihilation of the suburbs and railroads that I had feared could not be expected. The important thing would be to get rid of the Bolshevik leaders quickly. A particular concern for the Reich Marshal is the interruption of the connection with the Far East, to which I drew his special attention. He told me that arrangements had to be made with the Japanese to get the Siberian Railway back on track as quickly as possible." 3*

The Ud SSR was the largest national territory in the world with the largest area of arable land, heathland and \\'ald. This country was (1938) the leader in the production and extraction of manganese, chromium and magnesite. It ranked second in the extraction of iron ore (Fe content), petroleum, cotton and gold, and third in the production of iron and steel, electrical energy and phosphates.** After the subjugation of the Soviet Union, the final victory for German imperialism had to be as good as certain, especially economically - there was a certain amount of realism in this calculation; only it was based on an all-round, catastrophic misjudgment of the material and moral forces of the future opponent.

This misjudgement with regard to the Soviet Union perhaps also requires a class-psychological explanation. On the one hand, the German imperialists felt extraordinarily flespek t in front of the British world power. The British upper bourgeoisie had literally been regarded for centuries as the model of a refined and successful capitalist class. The German Sionopolies enviously dreamed of the immeasurable riches that the British "plutocrats"

39 Thomas' memo on lecture to Göring on February 26, 1941, dated February 27, 1941, *1d66-PS,* p. 47, printed in : *Thomas, Georg,* Geschichte, p. 18. Further evidence of the hybrid expectation of victory by leading fascists and hlilitürs in f:fiffgruber, *Andreas,* Hitlers Strategie, op. cit. pp. 210 ff., 221, and passim.

40 s. *Statistisches Jahrbuch,* 1941/42, p. 50' ff. ; see also *N ikitin, A.,* Sostojanie **vaznejdich otraelej promytlennosti** SSSR nakanune Velikoj Otecestvennoj vojny, in : **Yoenno-istoriéeskij furnal,** H. 3/1960, p. 14ff.

and "criminals" had pumped and were still pumping out of their empire. Since the North American wars of independence, the English bourgeoisie had settled all wars and also all internal struggles victoriously or at least unscathed in their possessions; for three hundred years, wars had not been able to touch English soil at all.

In the founding families of even the **largest** German **corporation,** the IG Farben Group, which was the most important chemical monopoly in Europe and also on a global scale, Great Britain was still regarded as the most dangerous opponent and as the "greatest power in the world".** This traditional view **even** caused a man like Georg v. Schnitzler to feel psychological unease

- Fear: "I completely agree with you," wrote v. Schnitzler to Herbert v. Dirksen after the victory over Poland, "that a real solution to the Eastern question in the German sense was never to be had from England on frledlichen Ziege - for the simple reason that our power potential is so great, if we recognize the state we have now reached, that it eliminates England's position of power on the European continent. But you will not feel much differently from me: I do not feel particularly comfortable in my own skin and do not quite see how we can bring this war to an end ... "*2

On the other hand, the Soviet Union was the real "hereditary enemy" of the most reactionary and aggressive elements of German finance capital and its military and Nazi clique. The liquidation of socialism in this country appeared to them to be the most important political prerequisite not only for the barbaric occupation regime that they wanted to establish there and did establish as far as they could, but also for the "reorganization" of Europe and the world in general and, last but not least, for the permanent suppression of their own people. The destruction of the Soviet Union was a decisive factor for German imperialism, especially in

"the most important step on the road to world domination. "43

Those circles underestimated the material and idealistic potentials of the UdS SR in an almost catastrophic way out of excessive class arrogance. German imperialism's view of reality was undoubtedly still particularly clouded by the fascist coloring of its anti-communist doctrine; but it was also blinded by the fact that German imperialism was flesh of the flesh of world imperialism. German finance capital hated and despised the first socialist state, just as all finance capital in the world hated and despised it - and one of the most dangerous things for German Yolk was the fact that it was the first socialist state.

41 e. Lilly v. Schnitzler (née v. Mallinekrodt), Georg v. Schnitzler's wife, to Herbert v. **Dirksen, 19. 10. 1939,** DZA **Potsdam,** Nachlass v. **Dirksen, No. 10,** pp. 441, 44 f v. : "… **Inevitability of the conflict between the static and dynamic** states, even more specifically, between the aspiring Central Europe and the **possessive and** preserving England as the largest world power."

62 Georg v. Schnitzler **to Herbert** v. Dirksen, **October 31, 1939,** DZA **Potsdam,** op. cit. p. 445, 445 v.

43 *Geschichte der dtutachtn Arbeiterbe'vegung,* vol. 5, p. **291.**

The consequence of this hatred of abandonment was the reduction of the state's undiminished inner strength.

2. The changes in armor. The ¥economic potential of the fascist-controlled bloc in mid-1941

a) The transformations of the rearmament program *since Yuri i 1940*

As early as the end of May 1940, the leadership of Fascist Germany began to form and develop concrete ideas about a war of annihilation against the Soviet Union in the foreseeable future.** At the beginning of June 1940, immediately after the capture of Dunkirk, Hitler and the OK¥\' began to consider in detail plans for the continuation of the war after the final defeat of France. In this context, decisions were taken on a drastic change in the armaments program, the so-called reorientation of armaments. After preliminary discussions between Lieitel and Thomas since June 7, a "Führer decision" was made on June 15 on the conversion of the \\'economy immediately after the conclusion of the war in France.*' According to this decision, the army was to be reduced to its previous permanent strength of 120 divisions, i.e. by 40 divisions. The armaments requirements (especially ammunition including powder and explosives) and, accordingly, the need for industrial capacities for this were to be considerably reduced and set on the basis of the - relatively very low - ¥'consumption during the \\'est campaign. The surplus icapacities were to be reduced and the raw materials released were to be directed "to the 6J fishing areas, including the lion economy" (198).** At the beginning of July "the \\'eisung was given that *in the next three years* the equipment for this 120-division army -{- reserve for h'eu deployments (up to a total strength of 160 divisions), plus a twelve-month (instead of: twelve-month - D. E.) reserve of ammunition and in addition

44 s. l "f'royn mirovnja cojnn, op. cit. p. 301ff. (D. M. **Proektor),** p. 308 (L. A. **Bez** enskij).

45 s. on the " re-equipping" *Thomas,* Ceorg, Geschichte, p. 232 ff., 406 f. ; *Hillgrisber,* ***Andreas,*** Hitlers Strategie, op. cit., p. 257 ff. ; *Mil 'ard, Alan S.,* Kriegswirtschaft, P. 38 *ü. ,- .i Iiiell' r- II il.l' Uni iul. Burkhort,* The Army 1933-1945, Vol. 2: **The Blitz Campaigns** 1939-1941, Frankfurt a. M. 1956, p. 62lf.

46 s. "Memo on the development of the armaments situation in the summer of 19fi0" (Thomas). 20. 8. 1940, *K TB d. OK W,* Bd. 1, p. 968 f. (also *1456- PS,* Bl. 209lf.) ,' z. a. *Holder,* IiTB, vol. 1, p. 3ü7 (June 15, 1940) ; Thomas' memorandum, June 12, 1940, *1456- PS,* pp. 200 ff. (203f.) ; Th omas' memorandum (" Notiz über Aussprache im Führerhaupt quartier"), lfi. 6. 19fi0, *145ö- PS,* p. 199 ; Thomas' memorandum ("Notiz über Besuch Amtschef int Führerhauptquartier"), 20. G. 1940, *1466- PS,* pp. 197 f. - The page numbers (in brackets) for quotations in the text will in future refer to *1456- PS* (see Chap. I I I, Note S). Important documents from *1456- P* 5 a ucli in : DZ A/ FS, i'elirwirtschafts- und R üstungs- aint des O IVW, Film Nr. 1777 (Folder 10).

a war production capacity based on the experience of the Western War was to be provided. To promote this conversion of the army, it was ordered that 40 divisions were to be released, a number that was reduced to 17 divisions after a few days. "** The planned "F riedensheer" was "obviously intended as a largely motorized cadre army" for a future I(rieg against the Soviet Union.*

After all, air armament and submarine construction were declared "new priority programs" for the continuation of the war against Great Britain. In addition, the number of armored divisions in the army was to be increased from 10 to 20. On the whole, however, the rearmament, had it been carried out, would have caused a considerable downturn in the immediate war effort of the economy, and significant changes would have taken place, which would have particularly affected the large armaments monopolies.

There is no doubt that leading circles of the regime, as well as Hitler himself, briefly reckoned with the possibility of breaking off the Blitzkrieg for the time being and gaining a longer breathing space for further conflicts, whether in the East or the West. ** The precondition for this, however, was an understanding, even if only a provisional one, with British imperialism. However, the peoples of the states fighting against Nazi Germany, shaken by their bitter experiences with German fascism, no longer allowed any compromise with the anti-human and anti-people regime.

In addition to the inertia of the war and armaments machinery once it was up and running and the psychology of easily achieved successes, influential opponents from the arms industry circles were probably also working against an interruption of the war.

The new program had barely been sent to the armaments departments at the beginning of July and from there to the companies in mid-July when it was already revoked and completely overturned. The first plans for "Barba- rossa" b e g a n in July, and Keitel announced to Thomas at the end of July "that the re-equipping of the army would probably not be carried out in this form. When I reported to Berchtesgaden on August 2, Field Marshal Keitel finally informed me that the Führer was now taking a different view of the entire situation and that preparations had to be made for any political situation that might arise in 1941. Naturally, the preparations for the landing in England (Operation Sea Lion) remained at the forefront of all measures. In addition, it was necessary to carry out the three priority programs (air armament, submarine construction, enlargement of the fast troops, especially doubling the tank dix- isions - D. E.). Finally, however, the Führer

47 "Aktennotiz" …, 20. 8. 19fi0, *K TB d. OKW,* vol. 1, p. 969. - My emphasis fi8
ifißgrutier, *Andreas,* Hitlers Strategie, op. cit. p. 258.
fi9 cf. ibid. p. 207 ff.
50 s. File note "Increase in armaments", Wi RüAmt, fi. II. l9fi0, *K TB d. OKW*
Vol. 1, p. 78 E ; *Mil 'ard, Alan S.,* War Economy, p. 39 f.

It was clear that an army strength of 120 visions was not enough, but that a considerably larger army would have to be available for 1941. We would therefore have to make sure that the ... ordered armament program would be replaced by a new armament program which would provide for an increase of the army to about 180 divisions. All ordered stop measures, especially in the field of ammunition, must no longer be carried out; everything must be left at the previous production level until new orders come." 5*

On 17 August, Keitel definitively o r d e r e d that the armaments program be reworked on the basis of 180 instead of i20 field divisions, 20 of which were armoured divisions.5*

"The number of 200 divisions (including all supplements) is to be taken as the basis for calculating the 1941 armaments programs for the German Army."

(189) *3 This "short-term goal" was to be achieved by April 1, 1941, "without being on the to undertake major expansions in the manufacturing sector. The provision of combat capacities is to take place in stages up to 1 Ol'tober 1943, only after the A'ah target has been reached." (167) 5*

This economic war plan, even if it could have been realized, was a pure game of chance based on the fascists' conviction that the Soviet Union could be defeated in a few months or even weeks. But the plan could not be fulfilled, at least not with the economic potential mobilized so far. I n the first few months, the earlier, ringing armament plans of the navy and air force, the special "Sea Lion" preparations, the synthetic production, transportation and intelligence projects continued, and the implementing OKV offices were clear about this,

"that all the projects that are now being planned by the members of the armed forces or the special commissioners ... cannot be fulfilled according to plan."

(174) Göring himself, who had just declared "that the real armament was only just beginning" (190) 56, came to the conclusion "that the 200-division army planned by the Führer was too large and that, above all, a twelve-month supply of munitions would exceed the goal. It will not be possible to achieve a clerical salting of raw materials." (165)57 Keitel was convinced that "the demands are neither r£thSt£tffmä ßig n£iCh min sChen mäßig el füllbtlr" wtlref1.58 The deadline, which w a s calculated to be around seven months (April 1, 1941), was d e c l a r e d untenable: "This

51 " File note …", 20. 8. 1940, *K TB d. OK W,* vol. 1, p. 969.
52 Ibid.
53 *14S6- PS,* file note by Thomas on lecture at Ileitel on 21. 8. 1940.
54 *1456- PS,* lecture note (Äleendsen-Bohlken) on discussion of Thomas at Tod t, 22. S. 1940.
55 *14S6- PS,* Thomas' presentation at the meeting of the Chief of Staff, 15. 8. 1940.
56 *14ö6- PS,* file note by Thomas on meeting with G öring, II. 8. 1940, printed in : *Thomas,* Georg, Geschichte, p. 512 ; see also ibid. p. 184, Amtschefbesprechung bei Thomas, 15. 8. 1940.
57 *14ö6- PS,* Thomas' file note on meeting with Güring, August 29, 1940.
58 Meeting in Berchtesgaden, August 20, 1940, *K TB d. OKW,* vol. 1, p. 76 E ; cf. also ibid., p. 975, discussed in Keitel, 20. 9. 1940.

applies x-especially to the production of medium and heavy \\'monkeys, as the production time for them sometimes exceeds the total time available. "5*

However, the abrupt change in the armaments policy seriously affected the production flow of the industry. "This created difficulties for the industry because some of the labor riifs freed up by the reduction of 8f unition production had already been used for particularly urgent \\ armaments production and were therefore not available for the old production and some of the machine capacities w e r e already available for other purposes." The Ministry of Economics and the Ministry of Labor were forced to correct their "false perception", which had obviously already seeped into practice, "that a considerable part of the industry, raw materials and labor were no longer needed for military purposes" (184)°* and "that it was now possible to start with important 1iriegSwichtig€-fl programs". (175)^2 The contradictory production orders and requirements brought general unrest into the

\\ industry; there was even talk of "severe signs of paralysis in the industry".

Obviously, the greatest difficulties for the fascists lay in equipping the ordered program w i t h manpower and raw materials such as iron and steel, aluminium and copper in a timely manner. Thomas p u t the training requirement for armaments workers at 6fi0,000 in mid-August 1940. (175)** In addition, he admitted at the beginning of l9fi1, there had been "for six months to a year ... a demand x for 500,000 workers that cannot b e met". (1fi7) < On the other hand, originally, even before the final rearmament order, around 210000 mostly unskilled men and women were to be freed from the industrial enterprises. (175)

The most important aids to which II ilit Urs and the authorities grilled were cuts made to the programs from the outset, the "killing off" of ancillary programs, a new system of so-called urgency levels and the temporary release of industrial workers, especially armaments specialists, from military service.

The cutbacks x'on the required piüstun{;szaliles, also known in OK\\ jargon as "balancing the orders" or "matching the orders with the possibilities", had gradually become a matter of course for the highest wartime economic authorities. A new organization was set up specifically for their preparation.

09 A ktenverincrk " Steigertin g der R üstting" (\Vi R üAmt), 4. 11. 1940, *K TB d. OKW,* Vol. 1, p. 79 E.

60 Ibid, p. 78 E.

61 *145ö- PS,* Head of Office meeting at Thomas, August 15, 1940, **minutes.**

62 Ibid., Thomas' presentation.

63 File note, Nov. 18, 1940, Wi R üAmt, *K TB d. OK W,* vol. 1, p. 81 E.

64 *145ö- PS,* Office Head meeting at Thomas, 15. 8. 1940, Thomas' presentation.

65 *145ö- PS,* discussion at Thomas on "Labor deployment and conscription in t h e non-armament sector", 9. 1. 1941.

ö6 *1456- PS,* Head of Office meeting at Thomas, 15. 8. 1940, Thomas' presentation.

Variant of the "leader" theories: "The leader stands on the point of view. to demand 300 percent if he wants 100 percent." (147)** The \)'ehrmacht' leadership, Keitel and Hitler himself were largely aware of the situation and accepted this state of affairs, nolens volens. In December 1940, Jodl responded explicitly to the ideas of the \'Defense Economy and Armaments Office, in hybrid consideration of the impending battle against the Soviet Union: "... if it cannot be achieved in terms of armaments, the army program must be revised. Air and naval programs must b e held against it."<

The projects described here as urgent were actually built very slowly. Initially, they were only relegated to other levels of urgency. Only months after the invasion of the Soviet Union were some of them "made dead", i .e. completely discontinued.

Longer-term help was to be provided by a reorganization of the urgency levels. The urgency levels were part of the rationing system for raw materials and semi-finished products, machines and mechanical equipment in industry. The urgency system was a characteristic feature of the logistics industry at a certain stage of its development. It was intended to effectively supplement the system of contingents (for iron and steel since 1937), with which the companies were awarded as soon as they received orders from the \multi-macli t agencies or other state clients or "contingents".

The allotment of contingents to the a r m a m e n t s , construction and other companies proved to be an inadequate regulatory measure in itself because, on the one hand, the companies' material requirements remained uncontrollable in terms of their amount and, on the other hand, there was no binding, effective overall social production plan for the basic materials and other supplier industries - with the exception of important areas of chemistry. These basic shortcomings of the contingent supply system became all the more pervasive as the armaments programs were being constantly reorganized, becoming more and more frequent and far exceeding the previous armaments capacities.°° The renewal and expansion of the urgency system was now to be given priority over the qualitative aspect in the production process.

"rationing" of the means of production, but did not change the fundamental inadequacies of state monopolistic regulation in the slightest.

67 Discussion with Thomas ..., January 9, 1941, Thomas' remarks. Cf. also *K TB d' OKW,* vol. 1, pp. 79 E, 81 E.

68 "Statement on the presentation note of the Economic and Armaments Office of 30. 11. 19fi0 **concerning the review of the armament programs",** 3. 12. 1.9fi0, *K TB d. OKW,* vol. 1, S. 981.

69 On the resulting conflicts, see *Petzitm, Dieter,* Autarkiepolitik.
p. 15fi fl. ; **on the problem** of regulation from **the bourgeois side,** see also the **work** by **Geer,** Joitann *Sebastian,* **Der markt** der geschlossenen Na chfrage. Eine morpholo- gische Studie über die Eisenkontingentierung in Deutschland 1937-1945, Berlin 196 l (= **Nürnberger** Abhandlungen zu den Wirtschaf ts- und Sozialwissenschaften, H. I fi).

Public regulation did not start directly with the production of the commodities industry (except in t h e energy sector). There was no overall economic plan in which at least the most important items were accounted for, from the raw materials to the end products. Regulation was predominantly a p p l i e d to the production of certain finished products "to order", namely monkeys, war equipment, equipment and buildings for the imperialist German war machine. In the other industries, especially in the raw materials and supply industries, it was not production but distribution that was regulated, precisely by the system of 'ler lion quotas and urgency levels. This secondary, derived form of regulation also had a partial character, as commodities and raw materials, building materials and other basic products for armaments production were only gradually included in the quota system.

Thus, both the overall system of compulsory economic regulation in the interests of warfare and, in particular, the quota and urgency system r e f l e c t e d the imperfection in the conversion of the economy to war. In terms of their economic character, they represented a concession to the anarchic nature of the economy or the admission of deep economic contradictions that made a consistent and systematic x-o1ks-

" tion and comprehensive and full-time administrative regulation, as required by the coercive situation of the I war, were not possible. By their very nature, they were an instrument for the redistribution of constant capital (especially c) and profits in favor of the armaments monopolies.

After the French campaign, the various armaments programs of the \\'e1irmachtsteile had been reclassified into the two existing urgency levels (urgency decree x om 18 July l9fi0).°* At the top of the list were the armaments preparations for "Seelöwe". When x-on August, in view of the plans for

"Barbaro8sa", large additional armaments were described as urgent, the preferred programs alone exceeded the war economy potential in its bottlenecks. The shortage of labor and raw materials b r o u g h t back the old situation, which Thomas vividly described:

"Just as at the beginning of the war, individual offices of the ÄÄ'ehr- mach tteile, mostly referents, request by sharp instructions to ensure the security for the implementation of their \\'iinsclie x'ers"la afl. Such \\'instructions u are of course known to the other \\ elWma"li 1 part, i lead to similar, even more scliiirfer

\\'eisungen, und wir haben o ie'ler 'las alte Dild, 'fair alle Stellen sich gegenseitig den R a ng ablati fen, die E rii f te " egnelimen und liiert!u rcli *rolie Fribungen ent- stehen." (173)

'

After much back and forth, on September 20, 1940, G öring signed a new Urgliclikcits erfiigun¡;, old as new Stufcn S (= Sondcrstufe), la, lb and 2

'i0 Verf ügung G tinnes äeilr. in - *Thomas, Georg,* Geschichte, p. 413ff.

1 I 1166- P S, Amts chefbcsprecli ung bei Thomas, 15. 8. 1940, see also ibid. p. 184.

contained. (158, 156) At the beginning of l94l, an SS stage was added upstream (58) ; Apparently, level S was no longer sufficient "to get (the) most important things through." (} 72

In the fall of 1940, an order issued by Hitler on September 28 set in motion the so-called "Rü 4G" work leave campaign. This was the start of a long-prepared temporary leave of absence for active military personnel to work in the armaments industry. This "work leave" was to affect 300,000 men, especially skilled workers, and was limited until March 31.[73] By the end of November, only 98,000 such workers had been reported as having arrived in the factories, but the number seems to have risen in the following period.7* However, it was only possible to p l u g a few holes in this way for a very limited time. The closer the planned new offensive came, the more categorically - although not always successfully 7* - the \Major Force insisted on recalling these workers from industry, where they had just been retrained a n d were now needed all the more urgently.

There had already b e e n releases from active service at the front for the armaments industry at the beginning of 1940.[76] But an action of such magnitude, which was initially even conceived as a "generously planned dismissal and leave of absence campaign",[77] had not taken place before or since. This time

German imperialism was particularly open and shameless about the alternative it had in store for the workers in its "military breeding center" (not unlike its fascist concept of the "additional farmer"): To produce profit in the war economy of the monopolies or to fight for "higher" profit for them on the battlefields, realizing the latter at the same time.

Ultimately, however, the workers could only be deployed in one place at a time, and so this action clearly demonstrated the gap between the potential for armament and the aggressive aims of German imperialism as the objective basis for the increasing friction and conflict in the state-monopolistic mechanism.

The economic-political and economic-organizational confusion in the war economy intensified significantly during the ten months of preparation for 22 June 1941. The desperate uncertainty of the top \\'ehr-

72 *14üö- PS,* meeting at Thomas, September 13, 1940, minutes. Cf. also Thomas' lecture **with Keitel** (file note), 7. 2. 1941, ibid. p. 58. Reprint of the order of 20. 9. 1940 at T'iiomos, Georg, Geschichte, p. 422 ß., the final decree of 7. 2. 1940 ibid., p. 438 ff.

73 s. Z'lioiftos, Georg, Geschichte, p. 240.

74 On January 9, 1941, Thomas **even** spoke to representatives mainly from consumer goods industries about 500,000 vacationers who would return **to** their units in the spring (by the end of **April)** and thus leave as workers again - but probably not without intentions of concealment from this circle ***(ldüö-*** *P S,* p. 148).

75 see e.g. *K TB d. OKW,* vol. 1, p. 323, February 13, 1941 (concerning Todt's intervention with Hitler).

76 s. Z'iiomos, **Ceorg,** History, p. 236 f.

77 Ibid., p. 238.

power leadership in \\'economic and armaments issues increased. The struggle of interests within the entire state monopoly apparatus intensified. Of course, even the new system of efficiency could not overcome the general weaknesses of the German war economy, namely the weaknesses of its potential. The cover in important raw materials was too thin, and the labor situation became increasingly difficult as the new campaign approached.

The diverse and, at first glance, confusing struggle of interests at this time within the state monopoly apparatus, between the \\\'reigning powers, the branches of industry, etc. had a twofold basic structure.

Initially, increasing disorganization spread within the \\'ehrmacht's \\'economic organization. It did not and could not cope with its tasks. The demands of the OK\V (especially Hitler) and the three \\'ehrmach tsteile for \\'affen and other equipment could neither be met by the armaments staffs and offices of the \\'ehrmach tsteile nor by the O ii\\' with its military-economic and armaments office. The contradiction between the armament requirements, resulting from the insane military objectives, and the limited armament potential of German imperialism, which was only mobilized to a limited extent, made itself felt here in a retrograde and irresistible manner. The result was a struggle between the i\'ehrmacht parts over their programs, which was waged with a wide variety of means and continued from the top echelons down to the lowest levels of the military-economic apparatus.

Then the fundamental contradictions of the state-monopoly war economy were played out on a broader level. The particularly uncertain and indecisive stance of the O K\V resulted precisely from the fact that the top leadership (and Hitler himself in particular) was involved in the conflict at both levels. On this second level, the antagonisms between the main state-monopoly institutions of the war economy intensified, especially between the \\'irtschaf tsorganisa tion tler \\'elirmacht as a whole on the one hand and the Ministry of Ammunition and its support, the industrial "self-administration", on the other.

The more pronounced the main contradiction between expansion goals and the limitations of economic resources became, the more the objective tendency towards maximum state monopolistic concentration, which has already been examined, prevailed. This concentration could not be realized in the H rinder.

'ler \\'ehrmachts-\\'irtschaftsorganisation. This was increasingly worn down and pulverized by the internal struggle for programmes and quotas and by the fight with the powerful advocates of state-monopoly concentration efforts outside the \\'ehrmacht.)'oller Ressen timents, but with a certain feeling for this development, Thomas expressed himself at a group leader meeting of his office, subsequently pointing out the "very stretchable agreements with the Ministry of Munitions",

78 see chapter I I I.

"whose strong political resonance with the Führer must be reckoned with" :
"Unfortunately, there is a lack of clear direction for long-term work in the field of armaments. In particular, the desirable and promising control of program design through 0 K\\' cannot be achieved. The 3'actic of vacillation, both in the program design and in the urgency
classification, cannot possibly lead to the desired beneficial effect." 79
The majority of bourgeois authors who deal with the problems of the war economy construe the failure of German imperialism, which was decisive for the eventual outcome of the war, from the fact that the regulatory apparatus of the war economy had been insufficiently neutralized and increasingly disorganized for years and that there was a lack of radicalism in the conversion of the Y\'ir economy to the war. They refer specifically to the period from mid-1940 to mid-1941, i.e. the year of preparation for the aggression against the Soviet Union.
The interests here are obvious. For today's expansionist regime of West German monopoly capital, this is one of the most important
"Lessons" from history for a not-too-distant future, in which it would again like to "prepare for every possible political situation". * At the same time, the ruling powers there use such an argument to exculpate their unprecedented defeat in the war. It is also not unwelcome to llonopoly capital as "proof", albeit indirect, of its love of peace.
All - older and newer - attempts of this kind have failed from start to finish. Assertions such as Kehrl's, "that the victory in the years 1940J4 l
Ver1Oreil was"®2, Siild clearly rd viSioiliStiSCe purposes. On their factual
and methodological untenability has already been pointed out by Kaldor.

79 Group leader meeting, minutes, Dec. 3, 1940, R *TB d. OU W,* vol. 1, p. 8 l E.

80 In many cases, the following phase (with a drop in production until the beginning of f9fi2) and the preceding period (including the pre-war years) are also included; for the overall problem, see Chapter I. For the relevant literature, see Angefberg, *Ernst,* Zur westdeutschen Theorie der verpaßten Gelegenheiten in der faschistis chen Aufrüstung, in: Der deutsche I mperialismus und der zweite Weltkrieg, Vol. 3, Berlin f962, p. 209 ff.

81 Quoted from *K TB d. OK W,* vol. 1, p. 96ii, Thomas' memo of 20. 8. 19fi0 (Keitel to Thomas, 2. 8. 19fi0).

82 *kehrt, Hans,* Kriegswirtschaft und Rüstungsindustrie, op. cit., p. 276. Wagenführ takes a more cautious line, but explains that the relatively weak armament up to June 1941 was "of fatal significance" (lYagen/ühr, *Rolf',* Industrie, pp. 31, 127/.).

83 "I t was largely due to the limitations in her (Germany's - D. E.) war efiort, that the German economy proved so elastic and resilient ... The high degree of administrative and industrial inelficien cy with which the German economy was initially conducte'l constituted a vast reserve on which to draw ... (and) which time and again enabled the German leaders to parry the enormous unforeseen blows to whi eh they were sub- jected. It acted as a kind of shock absorber both as regards the Allied air attack and the

The relative weakness of the German armament potential and war economy potential, reinforced by the latent internal weakness of the fascist regime, was obvious from the outset in view of the potential and internal strength of the Soviet state. Even the fascist general staff could not completely ignore this fact, even if they did not fully comprehend the actual strength of the USSR, the quality of which resulted from the socialist production conditions. \\'If there was any strategy at all that seemed to offer a chance of success for the invasion, it was the blitzkrieg strategy, including its economic component. Appearances were deceptive, the Blitzkrieg strategists were bound to fail, and no amount of mobilization of armaments potential could save German industrialism from defeat.

b) Possibilities and limits of development of the European economic poIenIiaI for the German war economy

The question of the extent to which the occupation and domination of large parts of Europe strengthened the war economy potential of German imperialism and whether it succeeded in incorporating the \\'economic power of those countries into its economic preparations for the new campaign in the East has so far remained open. This is the question of a factor that decisively determined the material strength and durability of German imperialism at the beginning of this aggression and is therefore of primary importance for the assessment of the power relationship between the future opponents.

Naturally, the fascists had high hopes for the opportunities to exploit the resources of half of Europe. In political and military terms, the foundations had been laid for the "closed economic bloc from Borileaux to Sofia", which Carl Duisberg had written about ten years earlier; the "European economic area", which the olonopolies and the Nazi clique planned to establish, already existed in its essential outlines on the new political map.

In fact, the fascists had a huge economic potential at their disposal. Its calculation or estimation must take into account both its absolute size and its

military defeats in Russia." (Nofdor, *A'icfiof'is,* op. cit., p. 3) ; this argument is also approached by *Mil 'ard, Alati S.,* Kriegswirtschaft, p. 34fi. , more recently *Hillgritbei',* .4ndrens, Hitlers Strategie, op. cit., p. 261f. Fundamentally important remarks on this subject can also be found in *Engelberg, Ernst,* Zur westdeutschen Theorie …, ". . o., p. 213 fi.

fi a See, for example, Thomas' memorandum on "The military-economic effects of a Operation in the East" of Feb. 13, 1941, printed in : *Tlmmas, Georg,* History, p. 515 ff; see also ibid., p. 267ff. ; *ififfgrti6er, Andreas,* Hitlers Strategie, op. cit., p. 266 ff.

85 s. *Duisberg,* Corf, Abhandlungen, Y ortrüge und Reden aus den Jahren 1922 bis 1933, Berlin 1933, p. 173 (speech of March 24, 1931). For sources on this programmatic idea of D uisberg, see *Radandt, Hans,* Die IG Farbenindustrie .AG und Sütl- osteuropa bis 1938, in : 3S¥G 1966, T. 3, p. 150 ff.

also take into account the degree of its h u tzbarmachung, its realization as growth for the war-economic potential of German imperialism towards the middle of 1941.

To calculate the \economic potential, the first step is to add up the production and other economic indicators of all the countries to be analyzed. (See the following table11&6)

The pre-war capacities, which are roughly recognizable from these figures, were expanded or exploited to a greater extent in various areas up to 1941, albeit mainly within the borders of "Greater Germany". For example, total coal production rose considerably to over fi00 million tons.

Production figures for 19fi0, the last year of peace for the Soviet Union, provide an indication of Soviet potential: 165.9 million tons of coal (153.7 million tons of coal units), 31.1 million tons of crude oil, 14.9 million tons of pig iron, 18.3 million tons of steel, 48.3 billion kilowatt hours

Elrk t ro 'nerg ic, 177000 .¥u1 onio li ilc and ' l'i'i k toren. ilS,J' .\l ill io nen ' l'onncn grain.

The simple summation in the table provides only a very approximate idea of the real \economic potential of the countries in question. Important corrections are necessary in various respects.

Firstly, the countries' dependency on foreign trade, especially overseas trade, must be examined. This came to an abrupt end with the fascist occupation. For France, Belgium and Holland, the connection with their colonies was also severed immediately or almost completely within a short time. This gave the historically grown \economic structure in most countries a severe blow. Paralysis set in. Particularly heavily foreign trade-dependent \\'economic branches went under or switched production, or demanded imports from Germany or other areas of the fascist-controlled bloc if they were to continue producing in the interests of the German war effort. German imperialism had already been burdened by considerable demands from its allies since the outbreak of the war; for example, the Italian \¥irtscliaft needed German supplies of coal, fuel and rubber. H ereafter, there were

'len areas, there w e r e many additional problems of a similar nature, many of which could not be solved. France's imports of coal from Great Britain and imports of foodstuffs from the developed agricultural economies of Denmark and Hol-

8G Source: *Statistisches Jiihrbiich,* 1938, 1939/40, 1941/G2, Internat. Transl. - When adding up the production figures for the individual countries, the figure for 1937, or at least the highest figure in the period from 1929 to 1937, was usually taken as the basis, whereas for bread cereals the harvest average of five years was used.

87 see lYogen{ühr, *Rol(,* I nrl ustrie, p. 167.

88 7Yerodnoe *choz jajstvo SSSR v 1964* g. Statistices kij ezegodni k, ed. x . rl. Statist. Zentralverwaltung d. Ud SSR, Mos kau t96o, p. 157 ff. ; s. *u. Velika ja Oteces Is-enti* ri *ja* vojiui *Sov'-lskogo Sojuza 19J1-19J5.* Kratkaja istorija, fifoskau 196", 5. S1, l8C.

Factors of production and production si§ers of fascist-controlled F.urope (ou{the best of pre-war figures)

	1 Germany and Austria	2 European Verbiindete and satellites (I taly, Hungary, R umä nien, Bulgaria)	3 Together	4 O cropped Countries (France, **Belgium,** N etherlands, Luxembourg, **Denmark,** I'Iorwegen, **Poland,** Czech Republic slowa kei, Yugoslavia, Albania, Greece)	5 I ns-total (Su mme 3 and fi)
Surface area (1000 km2)	554	801	1355	1922	3277
Population (Mill.)	76	78	154	129	283
Electrical energy (Jlr'l. kWli)	52	15	67	43	110
Hard coal (Mill. t)	185	2	187	161	3fi8
1!:ise ore (Fe content) (Hill. t)	3,fi	0,5	3,9	22,fi	26,3
li upler ore (Cu content) (1000 t)	31	1	32	67	99
llauxite (1000 t)	93	848	941	1176	2117
Crude oil (Jfill. t)	0,5	8,7	9,2	0,8	10,0
ltoheiscn (.\Iill. t)	16,3	1,	17,7	20,2	37,9
llohstahl (Hill. t)	20,0	3,2	23,2	20,fi	fi3,6
Rohaltimini um (1000 t)	131	23	154	6A	218
IIral **trolley** (1000 pcs.)	333	75	fi08	268	676
Drotp cereals	tJ3i/J.' i.cliii. ,ii) i3o	1*iS	2Sfi	264	548
\Yolle (i000 t)	i9,6	59,7	79,3	5f/,*	i38,7
llind cattle stand (.\lill. pcs.)	22,9	15,3	38,2	45,4	83,6
Pig population (million units)	26,7	9,9	3G,ti	27,5	64,4

countries from overseas are just two particularly important examples. 8° \'oll a "complication" of the raw materials and food situation spoke State Secretary Erich Neumann in this context and emphasized the two most neuralgic points <:

"Certain industrial raw materials cannot be obtained in the occupied and dependent countries either, or not to any appreciable extent, but the maintenance of order and production essential to the war effort in these countries makes it necessary to supply them with these raw materials to a certain extent after the)'ore supplies have been used up. \\'It is obvious that the administration of the territory, which now encompasses almost all of Europe and is subject to German influence, is particularly important for the fuel issue. Furthermore, since the agricultural production of the countries newly added to the German supply area was largely based on overseas feed supplies, which are now no longer coming in, these countries have no c h o i c e but to switch to more extensive farming methods. This means that they will no longer be able to make further substantial deliveries to us. I "i Only Denmark will perhaps be able to continue to produce certain export surpluses in the future. The other countries, however, will gradually have to turn from surplus to surplus areas if the war lasts longer. Added to this are the subsidy obligations to our allies." This analysis takes on particular significance in connection with the fact that Neumann w a s at the same time significantly and actively involved in the preparation of the invasion and raid against the Soviet Union. *

The effects of the foreign trade dependency of the occupied countries on the

The war-economic potential of German imperialism can be calculated, albeit not very satisfactorily, but relatively simply, by calculating and adding up the balances of peacetime foreign trade of the individual countries with third, now no longer reachable trading partners for all important products. The minus balances (i.e. positive balances on the import side) are to be regarded as a burden on the total potential calculated in advance. This calculation will show that the situation has hardly become any easier, on the contrary, often even more difficult (fuel, rubber), especially in important bottlenecks of the German war economy, and that shortages even occurred in products that were previously still relatively abundant (coal). 2

89 For France, see Survey of International Affairs i939-i946. *ffitfer's Europe,* ed. by A. Toynbee and V. Toyn bee, London/New York/Toronto iS54, p. 406 ff. *(Cobban, Alfred,* Economic Conditions in France). For Holland, see lYormtirunn, lYerrier, The Dutch under German Occupation i94O-i9fio, op. cit. p. 72. For Denmark, see *Kölner, Vera,* op. cit, p. 238ff., 265ff.

90 Doc. N I D- i3844, Case XI, ADB 120 D, DZA Potsdam, Nuremberg Trials, Case XI, No. 4 i3, pp. 268 f., "Der Vierjahresplan", lecture to the Berlin Academy of Administration, 29. 4. 1941.

91 s. Section 3.

92 A corresponding exact calculation is time-consuming, but possible. For the purpose given here, it is all the easier to do without it, as it would only cover one of several factors that minimize the economic and armament potential.

Secondly, it depended on the national pro'luctii'itii t of each country how much could be squeezed out of it. The fascist conquerors, in addition to increasing attacks on the necessary product, were able to scoop mainly out of the ntaught product.*3 Its size in relation to the necessary product depended primarily on the state of labor production. In this respect, there were very significant differences, particularly between the industrialized countries in Eastern Europe and the industrially underdeveloped countries in South-Eastern Europe.

\While the industrially developed countries had similar weaknesses in their economic potential as the Reich itself due to their great dependence on foreign trade, i.e. while their negative balances in foreign trade with various important products often worsened the situation in critical points of the German war economy, they brought German imperialism incomparably greater potentials and potentials than, for example, the subjugated and dependent countries of south-eastern Europe due to their high productivity, i.e. measured in relation to the number of workers.

The rich countries in the West, especially France, offered fascism very significant opportunities to exploit their economies for its war. Their exploitation in the long term was also the problem that monopolies, military

and the Nazi clique for years, right up to the end, and for the sake of which bitter disputes took place between them. The rapid economic

The decline of economically less developed countries in the south-east, on the other hand, which began soon after the first wave of plundering with inflation and hunger, was not of any great economic interest to them.

Thirdly and finally, the majority of the countries listed had been militarily occupied. War and defeat had severely disorganized their economic life, even if the destruction caused by the war was relatively minor. Economic disorganization was a factor that not only made it difficult to exploit the economic potential of the countries concerned f o r at least a number of months after the occupation, but also weakened this potential itself.

The absolute economic potential that German fascism had at its disposal immediately before June 22, 1941 was undoubtedly significant, but - this conclusion can be drawn with certainty - it was much smaller than the mere sum of the production and labor figures of the fascist-ruled "Greater Economic Area".

93 Interventions in the necessary product, insofar as parts of constant capital (c) were affected, had to cause a decline in production, which was associated with a **drop in** potential and whose pace was theoretically a differential function of the turnover times of the various components of c in the affected areas of production. If **parts** of variable **capital** were **affected,** the economic **effects were** possibly more delayed and even more uneven **(due to a certain,** limited elasticity in the adaptation to a deteriorating standard of living); the social and political consequences, **on the other hand,** had to be all the more palpable and **dangerous for** the fascist occupying power.

The even more important question in our context, namely the degree to which the potential under investigation could be protected and thus the effective cause of Germany's war economic potential, is far more difficult to answer for a specific, limited period of time. It was dependent on a whole series of mostly variable factors, some increasing and some decreasing in their \\'impact.

First and foremost is the ¥\"resistance of the 1'peoples. German imperialism appeared in the occupied territories as an imperialist robber, a fascist, i.e. a particularly greedy and barbaric imperialism. Its war aims were imperialist, and its immediate goal was the ruthless plundering and exploitation of foreign economies for the purpose of continuing and expanding its imperialist war of conquest. Under these circumstances, the most serious and important of all obstacles to their exploitation and exhaustion had to be created in the resistance of the subjugated peoples and also of considerable sections of the ruling classes of these nations. Even the struggle of the \\\'iedereigns to maintain a certain standard of living for themselves could effectively hinder the occupiers in squeezing the country in question. Resistance generally increased to a significant extent in the later phases of the war and increasingly restricted the economic freedom of movement of the German occupiers.

Major difficulties inevitably arose in the attempt to organize the individual to fit the economies of the occupied countries into a new \\'economic structure as it was dictated by the needs of the German monopolies and their cold economy. °* There were neither clear nor uniform ideas among the monopolies and monopoly foundations, the state monopolies and the Reich authorities. Only this much was clear to everyone, that the standard of living of all subjugated peoples had to be drastically reduced. Even the organizational integration into the German state-monopolistic apparatus proceeded extremely slowly and unevenly. Only in a later period of the war were serious and, within certain limits, successful attempts made to effectively organize and integrate the occupied countries into the German war economy.

If the domestic big bourgeoisie collaborated with the 'leu tsche capitalists or monopolies and state monopolies, then the imperialist counter-strategies came to the fore in a specific, modified form as disputes over the largest share of the apprenticeship product. The German imperialists' interest in exploiting the economy of the occupied country faster, more easily and more effectively with the help of the II ollaborators came into conflict with 'ler necessityto give them a certain share of the exploitation.

'1of the people below.

After the occupation, the fascists went x oi weigh'l tlen \\ eg of the least \\'iderstand. They created all the necessary finished products, even including the enormous' \\'affenbeu te, and all important raw materials.

94 cf. *Alil"'ard,* ***Alan S.,*** **War Economy,** pp. 47 ff., 33.

did not even stop at the semi-finished products that appeared desirable to the German armaments monopolies. This booty was very fraudulent. From
the occupied \\'est territories were reported to the OK\V on "sicliergestellte" stocks of Buntinetallen95;

Copper	135000 t
Lead	20000 t
Tin	9500t
	Nickel9000 t
	Aluminum9000 t

Measured in terms of the total monthly consumption of the German \\ industry during the period of armaments for the war in the first quarter of 1940, these quantities corresponded to the demand for six months' worth of copper, one month's worth of lead, 13 and 17 months' worth of tin and nickel and just under half a month's worth of aluminum. > In terms of fuels, France, Belgium, the Netherlands and Norway alone had
800000 tons, nä mlicli *7:

	Gasoline363000 t
	Aircraft fuel220000 t
Diesel fuel	65000 t
Heating	oil50000 t

The increased quantities of petroleum and petroleum products, particularly those imported from Romania, caused fuel stocks to rise to an unprecedented level in 1940/41. By the end of 1940, stocks had already exceeded the 2 million tonne mark. Current production and imports covered the current demand. <

The fact that these stocks of materials noticeably eased the burden on German imperialism's war economy's raw materials balance for a long time is demonstrated by an internal list for the OK\\'. Its author, F. Friedensburg, analyzed the figures made available to him from the point of view of how long the supply of raw materials to the war economy and \\'ehrmach t "after the experiences of 1. 11a l bja li r' s 1 ü i0" ;r'-s i" li'-ri s"- i (see 'l'ii 1'. P. 228L

All in all, the material situation was more favorable for German imperialism than ever before. The Blitzkrieg concept seemed to have proved its worth. However, if one takes into account the supplies to I taly and other countries and the - albeit minimal - supply of the occupied territories, the remaining shortcomings of the German raw material balance became more apparent. \'ollends this balance became negative after the invasion of the Ud SSR, if only because x on the beginning

95 *Mueller-Hillebrand, Burkhart,* op. cit., p. 89 ; see also *Thomas,* Georg, Geschichte, p. 2fi5. 186 fl.
96 *Mueller-Hillebrand, Burkhart, op.* cit.
97 T'iiomns, Georg, History, p. 252.
98 *Birken{eId,* lVof/gang, Der synthetische Treibstofl 1933-19A5, op. cit. p. 153 ; *Thomas,* Georg, History, p. 25fi.
99 Figures according to Friedensburg's publication "Die deutsche Roh- und Treibstofflage 1939-fi0", list printed in *Petzina, Dieter,* Autarkiepolitik, p. 193.

Stock figures for *u'iclitic raw materials*
(as of summer 1940)

Raw material	Annual production	year import	Inventories including spoils is enough for how many months?	Total
Coal	13	0	'/3	**unlimited**
Mineral oil and fuels	9	2	7	**almost unlimited at least 1**
Iron	5 1/2	2 3/4	21/2	**year, probably longer**
Manganese	'/1/2	1	7	about 2 years
Nickel	3/4	1 1/4	7	Barely 1 year
Chromium	1 1/3	4*/, i/	16 11	1*/¢ years Barely l year
Tungsten	1/3	1/y	10	Barely 1 year
Molybdenum	5 1	1/3 2*/	11 9	over 1 year 1 year
Vanadium	3/4	3'/2	20-30	**2-3 years**
Copper **Tin**	6	21/y 2	12 13	**several years almost unlimited**
Dlei	IO	8	t3	**almost unlimited**
Zinc		10	36	several years
Aluminum		16	IO	**unlimited**
Antimony	0	3	6	several years
Mercury	8			approx. 1 year
Sulfur				**unlimited**
Asbestos				hardly */t year
Graphics				several years
Phosphate				
Nitrogen				**unlimited**
Stone- **and potassium salt**	7	2	4	l Year
Rubber				

all consumption figures were thrown out of kilter and, above all, because the Soviet Union and the heroic \Viderstand of the Soviet people destroyed the Blitzkrieg strategy as a whole.

As far as the European war economy potential of German imperialism was concerned, the strong momentary, one-off relief that the loot **stocks** brought to the German war economy in many areas naturally did not solve the problem. On the contrary, from the outset it restricted the possibilities for the German imperialists to exploit the potential of the occupied countries to the maximum a n d represented an important preliminary burden for later decisions about their \\'economy. The cow that urgently needed to be milked was already about to be slaughtered. *

100 The forced supply of foreign labor is a result of this situation, i n a certain sense a compromise, in that the German imperialists have

The conclusion of our considerations and calculations is that the actual economic potential in subjugated Europe was not only lower in absolute terms than the sum of its (former) production capacities and figures, but that it was also only utilized to a relatively small extent for the fascist war machine because of the resistance of the subjugated peoples and because of the "mistakes" of the occupiers.

The occupied territories brought German imperialism an extremely significant increase in war economic potential. However, not only was this growth not identical to the sum of the individual economic potential of the countries› but it could only be realized in part. This was l a r g e l y due to the peoples' \Yiderstand.

In places where there was comparatively extensive collaboration between the local bourgeoisie and the German fascists, as in Denmark, the German fascists were not allowed to take part in the war after the occu-

I ndustry still reported production figures of 75 to 80 percent of the peacetime output. f02 I n general, however, it can be assumed that the production figures of the

It should be noted that the utilization of the production apparatus and thus also the actual maximum exploitation of the economic potential of the countries occupied by the fascists was on average no more than two thirds at most.

The potential of the allies of the German fascists could only be u t i l i z e d *directly* for the German war economy and the German war machine to a much smaller percentage because of their own armaments and autonomous consumption of their own resources.

The situation became even more oppressive in the "large economic area" - after the captured stocks had been used up - especially in the case of fuel and rubber. \Other shortages became increasingly apparent, especially in coal, but also in fat, meat and other high-quality foodstuffs and animal feed.

For a few months in the fall of 19fi0, it seemed as if a large-scale concept of political and economic cooperation between fascist Germany and Pétain's and Laval's France, the most important, economically strongest and most developed of the occupied countries, was gaining ground. *03 While in mid-September H itler was still very rabidly opposed to a more rational economic exploitation of France through closer collaboration, at the end of September, under the pressure of the lost "Battle of the Air", he changed his position.

treated the workforce as spoils of war and increasingly stripped the economies of the occupied countries of labor, but intended to incorporate and exploit the forced laborers into the German armaments potential for a longer, indeed as long as possible. See also Chapter II.

101 On the relationship between economic and armaments or war economy potential, see. Chapter I.

102 s. *Köller,* Kere, op. cit., p. 255 note 101 (production index of eight important Danish industries), p. 317.

103 cf. *Hillgruber, Andreas,* Hitler's Strategy, op. cit. p. 231ff., bsd. p. 237 ff. 10fi
s. Discussion in Keitel, 20. 9. l9fi0, *K TB d. OKW,* vol. 1, p. 975.

England" the political and economic eonception towards France. *05 I n Montoire (October 2fi l9fi0), Hitler finally made an attempt to bring about a kind of Franco-German coalition for the duration of the war. The new line, according to which "the German interest in maintaining the viability of the French economy would be greater than before", was particularly welcomed and taken up by 0 KG authorities (Jodl, U'ar1imont, Thomas). Fundamental economic negotiations were to be initiated via the German-French Wall Standstill Commission and later far-reaching economic agreements were to be reached. *0*

After the fall of Laval (December 13, i 9fi0), the atmosphere cooled down.

very quickly and strongly. When Thomas once again urgently approached Keitel and Hitler at the beginning of 19fi l about the economic involvement of France "with all its aids", he received a clear rejection: there would be no more negotiations with France about cooperation, but one could and must now "clearly and unequivocally" demand "that which is conducive to the continuation of the war against England". (691.) *< Of the relations already established, however, some important deals, above all those between the German and French aircraft industries, were lasting and sustainable.

This was the first and last attempt at a large-scale, comprehensive

economic collaboration between German and French imperialists was shelved. Now the fascists ruthlessly put all their eggs in one basket, the basket of the great foray into the Soviet Union. At the end of November l9fi0, Göring had already ordered "that raw material reserves should not be fearfully held back, but fully utilized". **0 Even without such an order, however, the crude oil situation must have been critical enough in view of the large-scale campaign planned. This invasion meant the interruption of peaceful trade relations, the suspension of supplies from the USSR and via the USSR, which meant that the economic blockade of the fascist bloc in Europe was almost complete. Thomas clearly c a l c u l a t e d that the rubber stocks and reserves would then only last until November l 9fi1, the fuel reserves only until mid-August (aviation fuel until autumn) (56 f., 5 l f., fi8).'"

IO5 s. KTB entries of 25 September, 1, 3 and 28 October, 1 November, ibid., pp. 89, 103f., 109, 130 f., 142. Cf. also Chapter IV.

106 *K TB d. OKW,* vol. 1, p. 103f. *(I.* 10. 1940).

107 s. ibid.

108 Thomas to Keitel, January 9, 1941, *K TB d. OKW,* vol. 1, p. 997 f.

109 *14ü6- PS,* Keitel to Thomas, January 10, 1941; see also *K TB d. OKW,* vol. 1, p. 260 (entry of January 10, 1941).

110 *E TB d. OK W,* vol. 1, p. 186 (23. 11. 1940) ; cf. Z'iiomns, *Georg,* **Geschichte,** p. 245.

111 *14ü6- PS,* Thomas' memos of February 8, 12 and 27, 1941; **see** also ***Herder,*** KTB, a. a. 0. vol. 2, p. 256 ff. 311, 454 (28. 1. 13. 3. and 13. 6. 1941) ; ?fiffgruber, *Andreoe* Hitlers Strategie, a. a. 0. p . 5fi3 note fi4 (citing study by O KW of 4. 5. 1941). See **also** Z'iiomnr, ***Georg,*** Geschichte, p. 17 f.

Well, German imperialism wanted to get its hands on all the riches of the Soviet Union within a few days, to freely control them, for whose particles it had previously had to pay step by step. So it undertook that criminal, historically unprecedented military, political and economic va-banque game in which it mortally threatened the existence of great peoples and numerous nations, many of which it had decided from the outset to wipe out.

3. The state monopolist apparatus for the plunder campaign

n) *The output of the device*

In keeping with the importance of the conquest of Soviet territory in the German imperialists' war plans, the immediate organizational preparations and planning for the new economic raid were carried out "with the greatest energy and to the greatest extent". **° They began i n t h e fall of 1940.

From the very beginning, Göring maintained his prerogatives as "Commissioner for the Four-Year Plan" and reserved the right to oversee all organizations and institutions to be set up. During the \'preparation phase, he successfully tried to keep all the threads together in his office. The point at which his initiative began was very revealing for his objectives and also with regard to his key monopolistic advisors and backers. On November 6, 1940, he told General Thomas "that he wanted to found a Central European Drift Tunnel Company to buy up and exploit all the drift tunnel deposits in Central Europe. The company was to be privately run by the industry, but the empire was to hold the majority of the shares." *'[3] Obviously, the company was to be set up with a view to the oil resources in the USSR.

The further circumstances of Thomas' visit to Göring also spoke in favor of this. Thomas had traveled to Beau s ais (northern France) to report to Cöring, and it was here and during these days that what he later wrote *** undoubtedly took place: "In h'ovember, the chief ¥\'i Rü Amt, together with the state secretaries Eörner, Neu mann, Ba cke and General von Hanneken x- was informed by the Reichs nt ass all about the planned eastern operation." Göring did not reveal anything completely new t o his audience, especially Thomas nirh t, who had been working since August with

'len preparations for the invasion. But he officially informed them of the content of the campaign plan, which was signed by Hitler a few weeks later as \\'Instruction No. 21 (Fall Barbarossa), and

112 s. *Thomas,* **Georg,** History, p. 266.

113 *14ö6- PS,* p. 150, Thomas' **file note** on lecture to **Göring on** 6. 11. l9fi0, 8. 11. l9fi0. 11fi *Thomas,* Georg, Geschichte, p. 261.

ordered them to draw up detailed "considerations about the planned operation in the east". *

The fact that the circle of people instructed by Göring was almost identical to the later "\Y irtschaf tsführungsstab Ost" also appears significant.

Judging by the speed with which Göring's order was obeyed, the O KW and O KH must already have made considerable progress at that time. Even before Thomas's trip to Beauvais, the Wehrwirtschaf ts- und Rüstungsamt, supported by the OKH, had begun to pull together all the "Russia specialists". On November 5, 1940, the departments of the office had already agreed on the next step: "Incidentally, Rü I proposes to try to obtain further address material on the large industrial groups which

to procure the Russian business during the system era." fl5 On

December 10, 1940, after Dallin, the 0 K W received "the first full-hour report on the contemplated utilization of aid sources in the East." ***

At the beginning of January 1941, Thomas s e t u p a special "Russia task force" in his office, which, as he boasted, brought together "outstanding factual material" **', so that "never before has an army been so well equipped with military-economic material about the enemy country as the German army in Russia." ** As a result of the work of this staff, Thomas Göring presented a detailed memorandum on February 13 on "The military-economic effects of an operation in the East".*** After analyzing a wealth of figures and information on the Soviet economy, he concluded with the urgent demand to prevent the destruction of supplies, the transport network, the power plants, the MTS machinery and, above all, the Caucasian oil fields "by quickly allowing them to be destroyed". "The areas south of the mouth of the Volga and Don rivers, including the Caucasus, must be included in the operation. *The Caucasian fuel area is indispensable for the exploitation of the affected areas.""*

1 IS Ibid, p. 267.

1 IS a Rüstungswirtschaftliche Abteilung an Wehrwirtschaftliche Abteilung des \Ve1irs-ir i - scliafts- und Rüstungsamtes, 5. 11. 19fi0, quoted from: lYogrier, *Raimund, a. a.* 0.

116 *Dollin, Alex:ander,* Deutsche Herrschaft in Rußland l9fi1-l9fi5. Eine Studie über Besatzungspolitik, Düsseldorf 1958, p. 50 - The sources Dallin cites for the statement and date (I MT), however, cannot be verified. The generally inadequate treatment of the economic and economic-political background to the events during the years 19fi0/fi1 to l9fifi in this work, which is praised as a standard work, is due to the author's fundamentally flawed, anti-Soviet conception, which examines the occupation from the outset from the point of view of avoidable mistakes.

117 *Thomas,* Georg, History, p. 261f.

118 Ibid., p. 266.

119 Memorandum of Feb. 13, l9fi1, printed in full ibid. ibid. p. 515 ff. - Thomas probably discussed the memorandum with Paul Körner and Erich Neumann, Göring's state secretaries in the Four-Year Plan, w h e n he had a meeting with them on the same day (according to 1657-P S, p. 257, entry of Feb. 13, 1941).

120 *Thomas,* Georg, Geschichte, p. 53l f., emphasis as in the original.

A new phase of the organization began at the end of February. On February 26, Thomas again gave a lecture to Göring. His memorandum was discussed and accepted, and he was given further guidelines and powers [121]; "With
The Reichsmarschall then told me with particular emphasis that he wanted the utilization of occupied Russia in the military-economic field to be different from w h a t h a d been the case in the Czech Republic and Poland. He would obtain a detachment from the O KH and a completely independent organization under his command, which was to enter the country with the foremost troops with very specific instructions to be drawn up in advance. He entrusted me with the management of the preparations w i t h the instruction to report to him on an ongoing basis. The Führer had approved this request. I informed him that the preparations in this sense were already underway, and that I would present him with the draft organization shortly.
This was the birth of the notorious V "irtschaftsstab Ost.
On 28 February, Thomas gave instructions in his office to "draw up an extended draft organization for the Reichsmarschall.'[-l2*J] The first important face-
The main point he had to bear in mind was the need to bring in leading representatives of the II onopolies to work on the slit. "The main task of the organization would be to collect raw materials and to take over all important operations. For the latter task, it would be expedient to involve reliable personalities from German corporations from t h e outset, as only with the help of their experience could successful work be carried out from the start (e.g. lignite, ore, chemicals, oil)." *>
\\'eurthermore, Thomas emphasized the general subordination to Göring
The organization would receive its "fi'eisungen direktk t von der Zentralstelle in Berlin" [12s], which G öring planned to set up with Hitler's approval. Finally
The future code name of the organization - Oldenburg - emerged for the first time at this meeting in the \"Defense Industry and Armaments Office, although it was still used by the "Arbeitsstab" and the full designation "W irtschaftsstab z. b. V. Oldenburg" was not yet used.

121 *1d56- PS,* p. 48, Thomas' file note on **lecture** to **Göring on** February 26, 1941, v. 27. 2. 1941.
122 **The authorization** by Hitler **mentioned here for the first time** by **Göring** was issued on 13. 3. 194 l by the OKW **through Keitel's "Richtlinien** auf Sondergebieten **zur Weisung** No. 2l (Barbarossa case)" (Doll. PS-fifi7, *IM Z',* vol. 26, p. 53d.).
123 Birkenfeld passes over Thomas's criminal activities as head of the **Economic** Staff East without scruples ("The origins and history of this 'Economic Staff East' cannot be discussed here") in order not to tarnish the littered image of his massive transformation of Thomas into a resistance fighter. He only finds "the brilliant organizational skills of the general" worth mentioning in this context (introduction to *Thomas,* Georg, Geschichte, p. l7).
124 Doc. PS-13l7, 7J7 Z', vol. 27, p. 170, file note re. Meeting with Thomas on 26. 2. l9fi1, v. 1. 3. l9fi1.
125 Ibid., p. 170 f.
126 Ibid., p. 170.

Barely three weeks later, on 19 March, Thomas reported on the newly created organization. He intended to concentrate the executive power entirely in the \\'irtschaftsstab Ost, which had been formed in his office. Göring was to be responsible for overall supervision by means of a small committee of state secretaries as a management staff (official designation thereafter "\\'Wirtschaftsstab Ost"), which was to be chaired by Pa u1 Eörner (Four-Year Plan) as his permanent representative and which, in addition to Thomas himself, was to include Herbert Backe (Reich Ministry of Food and Agriculture), Hermann v. Hannelien (Reich Ministry of Economics) and Friedrich Alpers (Reich Forestry Office). **' The management and lead responsibility was to lie with the \\'irtschaftsstab Ost and the \\'ehrwirtschaf ts- und Rüstungsamt.

Göring was "in full agreement with the organization x-orchestrated for him. IYlit

He agrees to the leadership of individual posts by officers, especially General Schubert. The Reichsmarshal still wants to speak personally to the heads of the \Virtschaf tsinspek tionen. Hanneken is to nominate the best forces from the \Virtschaf t." *>

It was presumably the pressure exerted by the forces and groups represented directly or indirectly in the \\'economic management staff (four-year plan, ministries, state-monopoly "self-administration" bodies and other monopoly circles) that also enforced the decisive "technical" influence of the aforementioned state secretaries in the executive bodies. Finally, the technical leadership lay "with the state secretaries united in the management staff, who gave their technical instructions via the Eastern Economic Staff to their processors in the economic inspectorates." '>

The \Virtschaf tsstab Ost was conceived as the leadership core for the extensive \Vehrmacli tsorganization for the fascist "Wirtschaf tsverwaltunp-" in the USSR to be set up later, after the abolition or relaxation of secrecy. I n April 1941, the broad base of the staff was also designed. The \\'irt- schaftsstab Ost under Generalleu tnan t \Villielm Schubert itself consisted of a staff and five main¡;ruppen or chief groups, which were staffed by the state secretaries from the \\'irtschaftsIülirurigsstab with their faculties. * Head of the main group for agriculture was Hans-J oacliim Riecke (Reiclisinisterium fii r

127 p. *1456- PS,* p. 43, Thomas' memorandum on lecture to Göring on March 19, 1941, v. 20. 3. 1941; see also *Thomas, Georg,* Geschichte, p. 258 f. - In fact, State Secretary Friedrich Syrup (Reich Ministry of Labor) was also a member of the economic management staff. In a structural diagram of the Economic Management Staff to be drawn up later, Robert Ley and, instead of von IJannekcn, Friedrich Landfried also appear as members (see Case XI, I "orläufiger Schriftsatz der An klage üb. d. Wirtschaf ts- f ührungsstab Ost und veru-ündte Gebiete, DZA Potsdam, Case XI, No. 502, Bl. lfi).

128 *14ü6- PS,* a. a. 0. - Gen. Lt. d. L. \Villielm Schubert, previously already head of the "Working Staff Russia", was appointed head of the Economic Staff East.

129 *Thomas, Georg,* Gescliichte, p. 271.

130 s. Structure diagram ÄVirts cliaf tsstab Ost, Fall XI, Vorliiufiger **Schrif** tsatz der .Anklage über den ÄYirtschaftsf üllrungsstab Ost und x erivaildte Gebiete, DZA Potsd am, Fall X I ; Nr. 502, Bl. 13 ; s. a. Dok. N I D-12573, Organizational Clicma ÄÄ'irtschaftsstaL Ost, Status 19fi2/fi3, Case XI, AD B 122 A, D Z .1 Potsdam, Case XI, No. *i II, p. 280.

Nutrition and Agriculture), Head of the Main Group Commercial Economy Gustav Sclilotterer (Ministry of Real Estate). The other main groups were headed, appointed some time later:

Main group Labor	Rachner (RAM)
Forestry Main Group	Barth (Reichsforstamt)
Main group for business development and vocational training	Marrenbach (DAF)

The \'Wirtschaftsstab Ost\' was the apex of a planned organization of 5 \\'irt- schaftsinspektionen, 23 economic commands, 12 field offices and various other special institutions. According to initial plans, the entire apparatus was to have a staff of 6846 men. [131]

The entire organizational scheme, prepared in detail, was explained on April 29, 1941 to the representatives of the Wehrmacht units called together at Thomas. '[32] On 9 June, the organization officially came into being. *<

At the same time as the Economic Staff East, another important part of the state monopoly apparatus for the plundering of Soviet Russia had also taken shape. The European oil monopoly, which Göring had envisaged in the autumn of 1940, took on firmly defined organizational forms at about the same time as the Economic Staff East and the Economic Management Staff East. This was about **crude oil,** a concrete and particularly important "part of the expected spoils, and all interested large monopolies urged direct cooperation. Formally, Göring also exercised his extensive powers in the formation of the "Kontinentale Öl AG". But all the circumstances testify to the extraordinarily early initiative and active cooperation of the monopolies, above all IG Farben and Deutsche Bank.

An informative meeting about the oil company to be founded - the earliest of which we have any knowledge to **date** - took place on January 21, 1941. Göring's State Secretary Erich Neumann negotiated with leading representatives of the major banks about the founding of the company, whereby, as was to be expected, the financial issues were at the forefront. From the memo that Hermann Josef Abs wrote about 'read session, [13*] however, it also emerged that the major banks and every if the project was already known earlier to the other companies intended to be founders. It also turned out that the IG;Farben group was already in a dominant position, not only because the provisional management of the project was in the hands of an IG director, namely Ernst

131 Doc. EC-38-M, "Gliederung f. d. Material- sammlung zur Geschichte des WiStabost vom Chef WiStabost am 23. 2. 44 **genehmigte** Gliederung f. d. Material- sammlung zur Geschichte des WiStabost", transcript of 21(?) 2. 1944, excerpts, Case XI, ADB 122 B, DZA Potsdam, Case XI, No. 416, Bl. 18c ; see also *Thomas, Georg,* Geschichte, Strukturbild zw. pp. 258 and 259.

132 Doc. PS-1157, *IM T,* vol. 27, p. 32 ff., document Thomas' f. "Discussion with the Wehrmacht parts" on April 29, 1941.

133 7'fiomos, *Georg,* Geschichte, p. 258.

13 i Doc. NI-10797, **memo *of*** January 23, 1941, Case XI, ADB 124, printed in : *Czollek, Ros 'itha Eichliolt-, Dietrich,* Die deutschen Äfonopole und der 22. Juni 1941, op. cit. p. 66 f.

Rudolf Pischer, was "firstly because he was an expert in the oil field and secondly because he was head of the oil department in the Reich Ministry of Economics and thirdly because he enjoyed the special trust of the Reiclismarschall" ; there can also be no doubt that Göring was above any II odalitiites of the Green Party.

After extensive consultation with Kraucli, who initially did not come forward himself, but sent E.R. Fischer and Heinrich Bü tefisch forward, but was finally given a prominent position as a member of the supervisory board of the tiesellschalt. Even though Göring, as the commissioner for the annual plan, had decided to secure the company's aejority through a state holding company, Borussia G mbH, which had been newly founded for this purpose, this was bound to be an outstanding success given the close state-monopoly ties between him and IG.

\\ eise strengthen the Group's position against all its competitors.

Finally, Göi-ing and his advisors foresaw that friction and interest kiimple - not only around the founding profiles, c-ie at this meeting - would arise ¡ by determining Funks "as a person and not in his capacity as a

\\'irtschaItsminister or President 'ler Reiclisbank" to \"orsitzender des Auf- sichtsrats x they tried to avoid the kind of "friction t h a t arose when Hermann Göring founded the Reichswerke." *

The "final meeting on the founding and financing of Kon- tinentale Öl AG" took place on 18 iliirz 1941 in the Preußenhaus. There, the major banks, led by Deutsche Bank, decided on cleri I(redit of

40 Jlillion RGI, with which the company was to open its business. *37 DHS

The banking consortium, which reserved the 30 million RGI ordinary shares with simple voting rights that were to be issued, was also subject to the

"stiindige Federführung" tleF Den tschen Bank. Deutsche Bank also informed Görin g of the key according to which these 30 million euros were to be divided among the four participating banks. 139

On March 27, 1941, the company was founded in the form of "Kontinen tale Öl AG" (Konti Öl). The company's founder and shareholders were identical. *** \'of the R 80 million capital stock

in registered shares (with multiple voting rights)

Borussia G ni bH	***30 Mill. RGI
Deutsche Erdöl-AG	3 " "
Elwerath trade union	3 " "

l3ü Ibid, p. 67. 136 Ibid.

137 DWI, no. fi386, vol. 4, file note by H. J. Abs, March 23, i941

f38 Ibid., letter from Deutsche Bau k AG to Dresdner Bank AG, 24. 3. f941. f39 Ibid., letter from Deutsche Bank AG to Göring, 24. 3. 1941

140 This and the following according to Doll. NI-2023, Fall XI, ADB 134, ndtarielle Niederschr. über die Gründungsversammlung v. 27. hlärz 1941, DZA Potsdam, Fall XI, Nr. 424, Bl. 51fl. Cf. also ibid. p. 47 ff., Gründungsbericht v. 27. März i941; Doc. NI-10797 and NI-2018, **the latter all printed in** : *Czollek, Roswitha JEichhollt, Dietrith,* Die deutschen Monopole und der 22. Juni 19fi t, a. a. 0., p. 66 fl.'

l4 f G öring'sinvestment company, for which E. R. Fischer was responsible.

Wintershall	3 mill. RM
Preußag	3 " "
Preußag for the interested Coal and steel companies more	3 " "
IG-Farben	3 " "
Brabag	2 " "
rin bearer shares (with simple stinHnrecbt)	
Deutsche Bank	10.5 mill. RGI
Dresdner Bank	10,c " "
Reichskreditgesellschaft	4,c " "
Berlin trading company	4,s " "

The company was managed by 1G2 as Chairman of the Board of Directors (later: Management Board).

E. R. Fischer and, as deputy **chairman**, Earl Blessing (Slargarine Union Group, trustee of the Dutch operations of the Unilex er Group, advisor (formerly director) of Reichsbarik, \"ertrauensmariri of Deutsche Bank, now President of the West German Bundesbank). The Supervisory Board consisted of Ä\'alther Funk (as Chairman), U "ilhelm Keppler and Erich Neumann (as Deputy Chairmen), Abs (Deutsche Bank), U "ilhelm Keppler and Erich Neumann (as Deputy Chairmen).), Abs (Deutsche Bank), Bütefisch (IG Farben, Brabag) Krauch, (I t--I-'arben), Karl Rasche (Dresdner Bank), August Rohdewald (Reichskreditgesellschaf t), August Rosterg (\¥intershal1), I(arl Schirner (Deutsche Erdöl-AG), General Thomas, Hans \\'e1tzien (Berliner Handelsgesellschaf t), Heinrich \\'isse1mann (Preußag) and others.

Deutsche Bank - Abs with his close ties to Blessing, Funk and Schirner - and the IG Farben Group - with Fischer, Bütefiscli and Erauch - exerted a decisive influence on the new company. This was also r e f l e c t e d ileu tically in the composition of the \'board of directors.

The special interest of the most powerful German industrial and banking groups in an oil monopoly in the European "Greater Economic Area" and above all in the Soviet Union must be attributed not only to the general idea of an o i l monopoly s o c i e t y and not only to the dominant position which they themselves ultimately occupied in the oil industry, which they themselves ultimately occupied in the li onti oil, but also the fact that the company was accorded such an impressive private capitalist special position, unlike all other "Eastern societies". This special character

'ler Eonti oil compared to the other monopoly companies, which after the invasion, like them, were responsible for exploiting, \'working\' and selling certain riches.

'ler Ud SS R, for example for coal and ore, textile fibers and leather, were founded, and E. R. Fischer**3: "In contrast to other eI onopoly companies, they took over companies on a fiduciary basis and were organized according to

142 Over the course of the next few months, the company's ordinary Board of Directors was constituted from the Administrative Board, of which Blessing was Chairman and Fischer was also a member as "Delegate of the Supervisory Board"; in addition, the extensive Supervisory Board created its own working committee. (As of January 1942; see also note 143.)

143 Doc. N I-10162, **Minutes of the** 2nd meeting of the Supervisory Board of Eonti Öl on January 13, 1942, Case VI, ADB 64, DZA/FS, IG-Farben-Prozeß, Film No. 419.

After the end of the war, Eontinentöl manages the plants serving the mineral oil industry in the Russian region on its own account and at its own risk; it pays a lease to the German Reich until the plants are purchased by it."

Eonti Öl's first "acquisitions" were oil companies from France and Belgium. The most important negotiations and "purchases" for Konti Öl were carried out by Deutsche Bank, whose masters pointed out to the other major banks, especially Dresdner Bank, that "Deutsche Bank's leadership in the Romanian oil business was undisputed anyway". **'

The further development of the company depended, as Abs put it in January 1941, "on the further progress of the war". US In April 1941 the exclusive "economic ring" with I(onti Oil and predicted a "\'broadening of the capital base" as necessary for the time "when the holding company to their actual tasks ... Because the company's goals are obviously very ambitious." Immediately after the attack on the Soviet Union, Konti Öl was then "entrusted with the implementation of the economic measures to be taken in the mineral oil sector, i.e. it was assigned 'the exclusive right to extract, process, transport and trade in petroleum products." **' This absolute o i l monopoly was limited to 99 years; in return, the Reich was to receive a royalty of 'i*/2 percent. **

L) The enl'ricklii'ig of the program

In **March** 1941, the organizational structure of the state monopoly apparatus for the planned plundering of the Soviet Union had already been completed. ¡closed. The following period was filled with the elaboration of the program for his activity, laesonrlers of the so-called Green Flap. Under Göring's supervision "-were directly involved in this were the \'Wirtschaftsfülirungsstab Ost and cler \\'irtschaftsstab Ost as well as Alfred Rosenberg's staff, which was currently being set up.

1.1itler in April as "Commissioner for the central processing of cl*er issues of the

14'' DLVI, I'ir. 4fiSG, vol. 2, file note x-on Hermann Josef :tbs, 30. o. 19'1. 1'gl. also Chapter IÄ'.

145 Note *of* 23. 1. 194.1, Doc. N I-10797, Case XI, AD B 124, printed in : *C"-ollek, Rost vitlici,' Eichliollz-, Eiielrich,* Die deutschen Monopole und der 22. Juni 194.1, a. a. 0., p. G7.

146 *"Der Wirtsclia(ts- Ring",* Vol. 1941, No. 14, April 14, 1941, cited above, p. 6s.

1 i7 Doc. N I-101G2, Minutes of the 2 n d meeting of the Supervisory Board of liontinen taie Ol AG on 13. 1. 19 i2, Case 1'I, ADB 64, DZA/FS, IG Farben-Prozeß, Film Nr. 419.

1*i8 s. *Dallin, .Flex:ancler,* op. cit., p. 2oo: the incompletely brief description in Dallin overallu rift ni cl1t without inaccuracy cn (founding ternii u, W 'orst uiidsinit-

Eastern European region" . UQ I n this I 'hase, which the next \\'ochen, the disputes over the state monopolistic power relations tincl I(ompetences flared up, which played an increasing role in the following period.

The most important date on the \\'path to the disposal of Güring's famous "Green Folder", which contained the final and universally valid "Guidelines for the management of the \\'irtschaf t in the newly occupied eastern territories", was on 2 älai 1941. On this day, the \\'irtschaf tsstab Ost apparently presented the \\'irtscliaftsführungsstab Ost with a first draft of programmatic guidelines. So far, only a memo from the \\'irtschaftsstab Ost on the outcome of this "discussion with the state secretaries on Barliarossa" h a s been found, which sets out in a few points what is to be regarded as the main result o f the meeting or discussion. The location of the meeting, the exact group of people and the discussion documents are not known.

The note has the following \\'ortla ut 140;

"'Che[thing'
2 Copies
i. Copy of files I a
P. Execution Gen. Sch u bert

Staff I a 2. 5. fi1

.memo
iber E rgebnis rler lien t i¡;en Besprechun* mit
clen S taatssekretären über Barbarossa

1. The war can b e continued if the entire \\'armed forces in the c. I(r war year is fed from Russia.

Ü. In the process, tens of millions of people will undoubtedly starve to death if we do not Pos for us *notiveildige from your Latide is brought out.*

3. The most important thing is the salvage and removal of oilseeds and oil cakes, followed by grain. The x existing fat and meat will probably be used by the troops.

J. I ndustrial employment may only be resumed in a r e a s o f shortage. ¡are taken. e.g. :

the \\'erks for means of transportation,
the plants for general \"supply systems (iron), the \"plants for textiles,

1fi9 s. Doc. PS-865, *I.51T,* vol. 26. p. 383f., Hitler's decree of 20. fi. 19*i1.

150 Doc. PS-2715, f.U *T,* vol. 31, p. 84, cited after comparison with the **trial copy** from: **Case** XI, ADB 122 A, DZA Potsdam, Case XI, N r. fi15, p. 268. In the index of this document volume, the provenance of the document is indicated (ibid., p. 5):
"… from files of General Thomas." Iin quote my IJervorli. - In the **note,** the plans of the German imperialists for the theft of the Soviet oil wells and reserves, which fell under the jurisdiction of lioiitinentale Öl AG, are mentioned.

of defense companies only those for which there are bottlenecks in Germany.

Of course, the n u m b e r of repair workshops for the troops increased.

ü. Special troops must be provided to secure the wide areas between the taxiways; perhaps the RAD or supplementary formations of the army will be deployed.

It is essential to select the particularly important areas and therefore those to be protected."

As sure participants of the macabre session and the discussion about the content Göring, General Thomas, Lieutenant General Schubert and the state secretaries from the economic management staff (Körner, Backe, v. Hanneken, Symp, Alpers) should be mentioned in this shocking document. It is very likely that Rosenberg and Jodl **', other state secretaries (Neumann, Friedrich Landfried, Keppler, Adolf v. Schell, **Fritz** Reinhard, Wilhelm Kleinmann) and other ministerial experts (Schlo tterer, Riecke, Werner ätans- feld) took part.

The results of this consultation served as the basis for all further programmatic considerations. The \Virtsoliaf tsstab O-- t revised its guidelines according to them. The two fundamental economic policy documents, which were now completed within a few days and weeks and reviewed and approved by the \Virtscliaf tsf ührungsstab Ost, w e r e i n exact agreement, even verbatim, with that memo. The "Guidelines for the implementation of the \\'economy in the newly occupied 0stg areas" - G öring'sso-called (i rüne Klappe - were available in the .J uni, even before the invasion of the Ud SSR. This was the central program of the \\'economic leadership team East. It was preceded by and partly incorporated into the "\\'irtschaf tspolitikien Rich tlinien für \\'irtschaftsorgani- sation Ost, G ruppe Landwirtschaf t" x om 23. Älai 19fi1, as its main authors. Backe and R ieoke must be considered the main authors.

Both documents are key documents of imperialist barbarism with a fascist bias. They already contained the entire concept of a total liolonialization of the Ud SS R as far as the Urals, and explicitly included the \'extermination of entire peoples, which German imperialism later tried to follow.

o[T] l According to various indications and evidence, it is quite probable t h a t the meeting on the 2nd of llai took place at Rosenberg's, possibly under Göring's and **Rosenberg's** joint leadership; for Rosenberg had just been authorized by Hitler as his "East Envoy". However, if the meeting took place at Rosenberg's office, it is safe to assume that Jodl was also present, according to **a** legendary entry in the war diary of the OKW: "2. Älai 194 l (Chief at Reichsleiter Rosenberg) ..." *[N TB d. OKW,* vol. 1, p. 390). On the afternoon of the 2 n d , Rosenberg visited I litler (according to Hitler's **Itinerary,** see ?fiffgrutier, *Arulrens,* Hitlers Strategie, op. c i t . , p. 689) and may have already reported on the meeting there.

In their program, Backe and Riecke combined the "minimal goal of supplying the Wehrmacht from enemy territory in the third and possibly further years of the war" and increasing food rations and reserves in Germany with the far-reaching goal of forcing the European part of the Soviet Union into the status of an agricultural colony and restoring the economic "structure of l909J13 or even that of 1900/1902". The strategic goal of the foreigners was the self-sufficiency of the European "greater economic area". "The problem is ... Replacing overseas imports with imports from the 0st world." Here lies the close, direct relationship between these directives of the Dr irtschaftsstab Ost and the war aims program and the concept of world domination of the leading German monopolies kIII i· zit ttlge. *5°

The central idea of the document, which its authors expressed with a literally

The murderous consequence pursued throughout the entire manuscript was that, for the stated final purpose, the agricultural surplus areas had to be hermetically "sealed off" from the surplus areas, i.e. the south from the north of the European part of the Ud SSR. "The consequence is the light supply of the entire \Yald zone, including the main industrial centers of Sloskau and Petersburg. ... This will inevitably lead to the death of both industry and a large part of the population in the existing subsidized areas."

In the southern regions, the "production clilach t" was to be introduced according to the German model, but with colonial methods, in a kind of plantation economy.

"Any attempt to break up the big bets (in agriculture - D. E.) must therefore be fought with the hardest means."

I n the north, however, on the assumption that the "greatest famine" would in fact and according to plan, as clearly stipulated on the 2nd, "tens of millions of people" were to be put aside, all available grain, livestock, oil and fiber plants, etc. were to be requisitioned at the highest speed, since it was assumed that when famine set in, there would be nothing left to get. The new

The thoroughness and pedantic precision with which this central idea was presented are indescribable. The "abandonment of the entire industry in the supply area" including that of the Urals, a basic part of the plans, had already received the "approval" of the highest quality authorities, as had the deadly closure in general. ... The destruction of the Russian \'processing industry in the \'aldzone is also an absolute necessity for Germany's future peace." Only one consequence of this plan was the "seizure of the fishing fleet in the White Sea and its transfer to Norway in order to prevent the exploitation of

152 Doc. EC-126, *IM T,* vol. 36, p. 135 ff. (1fi8), "Wirtschaftspolitisehe Richtlinien für Wirtschaftsorganisation Ost, Gruppe Landwirtschaft", v. 23. 5. 19fi1; also the following after this document. Cf. also *M'hier, Norbert,* Zur Rolle der Wehrmacht- führung bei der Planung und Vorbereitung des faschistischen Okkupationsregimes in den besetzten sowjetischen Geliieten (19fi0/fi1), in : ZMG, H. fi/1967, p. fi15 d.

153 s. Chapter I V.

of its products for Germany via Norwegian processing companies. ... Likewise, in order to have exchange goods with the farmers of the production zone, sugar production will be completely recorded." As the authors emphasized several times, any inconsistency in their statements seemed to be a precarious prospect: "Many tens of millions of people will overflow in this area and will have to die or emigrate to Siberia. Attempts to save the population there from starvation by drawing surpluses from the black earth zone can only be at the expense of supplying Europe. They prevent Germany from holding its own in the war, they prevent Germany and Europe from being able to blockade. There must b e absolute clarity about this."

For i94 /fi2, the result of the export operation - as a minimum requirement for the exporting agencies - was already precisely calculated at fi. 5 to 5 million tons of grain (meat converted to grain equivalent) for the export of oilseeds from the country and 1.5 million tons of oilseeds (corresponding to fi00,000-500,000 tons of oil and 1 .\lillion tons of oil cakes) for export to Germany. *5*

The "G rüne Klappe", the prograrnmatic summary of the planned economic retraction, consolidated all economic aspects of the future ileu tsche occ upat ion policy in tler Soviet Union. *<* Its first issue of June 19fi1, with a circulation of 1,000 copies, was printed in the O KVB'.

'was fully in line with the principles discussed on May 2 and with Ba cke's directives of May 23, even if some of the wording sounded somewhat restrained due to its official character.

According to these guidelines of the Ä\'irtschaftsführungsstab, the top II axime was to *"the* immediate *and* highest *possible ationization of the occupied territories* for the benefit of Germany ... primarily in the areas of food and *mineral oil* production. The *main objective of the campaign* is *to* obtain foodstuffs and mineral oil for Germany as quickly as possible." **6 The procurement of lJineral oil has "the highest priority among all the industries" x-or other industrial

/,i"l t-n. 1 l it' i'f ii i' st' i tt ii' lx ii n 1 i III s "rii n 1 n'ii r11 ii' li . .. lld s1n'so nd "I'" in li:t iili'i sit'n". Zti iiiiel isl

1o4 One week after the publication of these guidelines, on July 1, 1941, a "Kreis-landwirtschaftsführerm u ppe" was published for the organs subordinate to the Economic Staff East, which, based on the guidelines, was the first to contain Bn cke's notorious "12 **Commandments" for** the behavior of 'ler fascists in the East and the treatment of the local population. (Doc. USS R-89, *IM T,* vol. 39, p. 3fi6 ff.).

lan See also *Sasfowenko, G.F.,* Die aggressiven Pläne des deutschen Imperialismus gegen über die Ud SSR (1939-19fi i), in : Eit-r den tsche I m perialism and the second \Ye1tkrieg, vol. 2, Berlin 19G1, p. 65i l'f.

156 This and the following quotations from Doc. PS- l i G3, LI/ *T,* Bel. 28, p. 3 ff. ; additions of the excerpts printed there still Yerglci'!hung with Doc. NG -1409, Case XI, AD B 80, "Grüne Klappe", Part I , 2nd ed. (200fl Fix pt.), 3uli 1941, DZA Potsdam, Case XI, No. 362, pp. 72 ff. - emphasis in original.

7.5 million tons of 5'raktorentreibstoll would have to be procured for harvest and autumn cultivation.

The economic policy goals in agriculture were only summarized - apparently in view of the already existing elaborations. However, the basic idea of the criminal agricultural conception, barely modified, appeared dense enough here as well: "It would be completely absurd to think that it is important to follow the same line in the occupied territories, that they must b e put back in order as soon as possible and rebuilt as far as possible." Rather, a differentiation is necessary: "Only those areas will have to be economically promoted and kept in order in advance in which significant food and mineral oil reserves can be developed for us. In other parts of the country that cannot feed themselves - i.e. in large parts of North and .\l it i elruliland - economic management must be limited to the utilization of existing **stocks.**"

As always, raw materials important to armaments a t t r a c t e d the special attention of the German imperialists. "All raw materials, semi-finished and finished goods that are useful to us are to be withdrawn from trade" and "secured". Stocks of platinum, rubber and hlagnesitim were to be transferred immediately to the reclamation area.

In two important respects, the guidelines of the "Green Folder" went beyond or differed f r o m Back es and R iecke's guidelines. In the "Green Folder", i t w a s expected that the Soviet population would be put to work to a considerable extent, not only in agriculture and the oil industry, but also in clearing work, in the improvement and construction of the transportation network, in the supply and repair companies for \\'e1irmacht and civilian occupation, and also in a whole series of important branches of industry (defense industry, construction industry, metallurgy) that were of interest to the German war economy or directly to the occupation structures.

This was related to the fact that in the "Green Portfolio" there was generally a greater ¥\'ert- appreciation o f industry and industrial spoils and the intention not to forego the utilization of the industrial capacities of the north, for example Leningrad, under all circumstances.

fi ne tactical differences within the fascist-imperialist clique were therefore not hidden even at the preparatory stage. There were differing views on the treatment of Soviet industry, especially of the H'ord; the planners did not initially reckon with the monopolies' burning and overpowering interest in Soviet forced laborers.

But these opposi ti ons did not in principle concern the line of colonial extermination and partial annihilation of the Soviet people that had once been adopted. The economic goals of the campaign - as well as its fundamental political objectives - were agreed upon in all essential points by all the het state-monopolistic institutions immediately before it began. Even the structure of the state monopolist organization created for this purpose was

The German apparatus seemed to be centralized and uniformly structured, even though tler's attempt to create a kind of control center for all parts of the newly formed enormous apparatus in the Economic Management Staff East was already questionable from its very foundations. In the bourgeois-imperialist narrative, the disputes over authority and conflicts in the occupation apparatus of German imperialism were blown out of all proportion. The purpose of the official constructions of history is to contrast the advocates of the policy of enslavement and extermination with representatives of a "more flexible Ostpolitik" as antagonists. Once this has been achieved, the former can easily be charged with the guilt of gambling away a possibly achievable victory, while the latter can be distinguished from the former as insightful forerunners of modern infiltration and possibly even as resistance fighters.

Such constructions do not stand up to factual scrutiny. Alfred Rosenberg, for example, who wrote in April 1941 that the huge country could be better and more rationally exploited by means of finer, more sophisticated forms of subcontracting.

"by giving special treatment, full of understanding, to the populations in question "157$ in a speech on June 20 rejected any responsibility for the "plundering" of the population, entirely in line with the May 2 declaration and the guidelines drawn up in the meantime.

indignantly rejected the idea of "helping to feed the Russian people" from the overseas territories. 158 The program of selective extermination motivated by economic considerations, as it emerged most clearly in Backes and Rieeke's guidelines, seemed to be perfectly compatible with Rosenberg's own political plans with regard to the

"special treatment" of the Russian nation in particular (in contrast to the Ukrainian nation in particular). In any case, a few days after the attack, he expressly commented on his continued negotiations with Körner, Thomas, Schubert, Funk, Backe and others in a report on his activities to date:

"In the eastern questions, the greatest possible agreement was reached with regard to the immediate technical work now and for the future."

This agreement in principle was reflected in organizational matters. ʳRosenberg worked against Göring's exclusive authorization in economic matters, but when the matter was decided to his disadvantage, a state-monopoly compromise was reached, which eliminated the disputes over authority and power in the simplest possible way.

\Velt seemed to create. The secretaries of state in the Eastern Economic Management Staff simultaneously delegated their own employees, who had already been appointed heads of the main groups in the Eastern Economic Management Staff but retained their leading positions in the ministries, to the Rosenberg office, which later became the Reich Ministry for the Occupied 0st3e territories. This "solution" appears to have been implemented on May 8.

f57 Doc. PS-1024, Rosenberg's memorandum on the establishment of his office, dated April 29 f9fi1, *IM T,* vol. 26, p. 562.

158 Doc. PS-1058, *IM T,* vol. 26, p. 622, **Rosenberg's speech, 20** G. 19fi1.

159 Doc. P S- **1039,** op. cit. , p. **587, Rosenberg's activity report,** June 28, 1961.

160 s. ***Dahin, Alex:ander,*** **op.** cit. p. **326.**

found in a meeting between Körner and Rosenberg in 1941.
His. 161
In this \Yeise, central state-monopolistic positions were held above all by the ministerial directors Riecke and Schlotterer. **2
Hans-Joachim Riecke became the central figure of the fascist government as a senior official of the Reich Ministry of Food and Agriculture and Backe's right-hand man, as head of the Main Agricultural Group in the Eastern Economic Staff and as head of the Main Food and Agriculture Group in Rosenberg's hMinistry.
I>Agricultural policy in the temporarily occupied territories of the Soviet Union. *°3
Gustav Schlotterer, Ministerialrat in the Reich Ministry of Economics since 193s, Ministerialdirigen t since 1938, Ministerialdirek tor since 1941, was now more head of the Eastern Department of the Ministry of Economics and the Eastern Ministry's \Yirtsehaftsabteilung *<, at the same time head of the Industrial \Virtsehaf main group in the \Virtschaftsstab Ost as representative of the Reich Minister of Economics. This man had always had particularly close ties to the foreign organization of the I "Iazi party. *
His career was steep and his career was extraordinarily revealing of the continuity and concentration with which key state monopoly positions were filled during the war. Schlotterer had already become deputy head of the Foreign Economic Department of the Reich Ministry of Economics before the war. As such, he was responsible for Department V. 0. (Preparation and Order), which in June 1940 became the control center for economic
"Reorganization of Europe "* , and now, a year later, the Eastern Europe department and the "International Capital Interdependence" division. At that time he had been
'ler, key representatives of the government authorities worked together with the monopolies on the economic "reorganization" in the Gr esten. This time Schlotterer took the corresponding position even before the new fascist campaign. This also ensured the continuity of German imperialism's "reorganization" policy at the top of the state monopoly apparatus.

The phase of fascist "blitzkriegs" ended on 22 J une 1941. From the first day of the war against the Ud SS R, the heroic, single-minded resistance of the peoples of the Soviet Union proved that all the imperialist
\Vunsesehträume einer Vernichtung des Landes, dass alle Varianten der faschistischen

161 Doc. PS-1018, Rosenberg's file note on conversation with Körner on May 8, 1941, Case XI, ADB 166, DZA Potsdam, Case XI, No. 462, Bl. 4.
162 Today, both live unmolested in West Germany.
163 *Dahin, Alexander,* op. c i t . p. 327 and passim.
164 According to Doc. Körner-462, Case XI, VDB **Körner** No. 3 C, Ad. Gustav Schlotterer, 10. 5. 1948, DZA Potsdam, Case XI, No. 648, Bl. 103 d.
165 s. Doc. N1-3722, letter from **Georg** v. Schnitzler to **four** members of the board of IG Farbenindustrie AG regarding negotiations at the RWM about Aussig, 29 Sept. 1938, DZA Potsdam, Case XI, ADB 170 A, No. 468, p. 171, printed in : Kuczynski*, Jürgen,* Lage der **Arbeiter** 193W1945, p. 44.
166 s. Ilapitel IV.

li r war, \\'eldom and extermination plans were doomed to failure. This ultimately also rendered the imperialist plans for economic plundering and enslavement and the sophisticated, comprehensive state-monopolistic apparatus set up for the same purpose obsolete.

However, it cost the Soviet country indescribable efforts and sacrifices and brought it untold suffering before the fascist occupiers were driven out. For more than three years, the German-occupied territory was the scene of a horrific slaughter and house-sitting in which the German monopolies and their state-monopoly institutions greedily lierx ort themselves.

June 22, 1941 marked the end of the period in which the imperialist German war economy more or less met the requirements of the warfare to date. Even in the first \\ weeks and months of the war against the Soviet Union, the "blitzkrieg economy" clearly and definitively proved to be just as illusory as the blitzkrieg strategy of the fascist military. The defensive battles of the summer, later the historic \'defense battles around Leningrad and in front of Moscow and finally the great defeat of the Soviet army near Moscow exhausted the forces and material reserves of the fascist army.

\\'ehrmacht on an unprecedented scale. \From now on, it was clear as day how inadequate the economic recovery efforts of German imperialism were - and had to remain - in comparison to its goals.

After the first few months of success hysteria and conclusive reactions to seemingly final victories, after further months of vacillation and the eventual reorientation towards a longer, more difficult war, the German monopolists and their political and military rulers were forced to make a momentous attempt at the beginning of 1942 to adapt to the thoroughly changed situation in the war economy. This ¥"attempt, consisting of a regrouping in the state monopoly apparatus and a forcible I(o n c e n t r a t i o n and expansion of state monopoly regulatory and repressive power in the hands of the leading monopolies and monopoly groups, as well as its results and effects, will be the focus of our investigation in the following years of the war.

AN HANG

Documents on "Reorganization of the European economic area" (1940, 1941)

I. IG Farbenindustrie .IG
II. Ruhr-EIontank groups and economic group Eisen I I
I. Carl Zeiss Jena
I V. Metalworking Industry Division
Y. Reichsgruppe Industry and Economic Groups
VI Ministry of Economics

ANNEX

Documents on
"Reorganization of the European economic area" (1940, 1941)

I. **IG Farbenindustrie AG**
II. **Ruhr Mining companies and the Iron Business Group**
III. **Carl Zeiss Jena**
IV. **Metalworking industry specialist group**
V. **Reichsgruppe Industry and Economic Groups**
VI. **Ministry of Economics**

1 IG Farbenindustrie [AG1]

1) Letter from IG Farbenindustrie AG to Ministerialdirigent Gustav Schlotterer, Deputy Head of the Foreign Trade Department and Head of the Special Department "Preparation and Order" in the Reich Ministry of Economics, dated August 3, 1940 2

Dear Mr. Ministerialdirigent!

On the basis of various discussions we have had with you on the question of the possible organization of the European Economic Area, we have examined in the responsible committee of our company what contributions we can make to facilitate the planning you have initiated and to what extent we have special suggestions and wishes concerning our company in this context. In pursuit of these considerations, surveys and preliminary work have been initiated which are based on the following basic ideas:

1. **It is assumed that planning is also necessary for the chemical region as part of the creation of a European metropolitan area economy. The aim of this planning is:**
   a) **to guarantee the economic independence of this region in the sense of largely securing its supply,**
   b) **to organize the production forces of this area accordingly in a planned manner through rational use of the existing production facilities and to adapt them to current and foreseeable future needs in such a way that, above all, misallocation of labour and capital is avoided.**
2. **After the end of the war, this continental metropolitan area will be faced with the task of organizing the exchange of goods with other metropolitan areas and competing with the production forces of other metropolitan areas on competing market areas – a task that also includes, in particular, regaining and securing the \valuation of the German chemical industry, The considerations and plans to be made from this point of view must above all also take into account the shifts and development trends of international economic forces triggered by the last war, as expressed ever more clearly in the increased influence of the USA in Latin America, Japan in the Far East and Italy in South-East Europe and the Middle East.**

1 Documents 1 and 2 are included in the trial files under document number NI-11 252, document 3 under document number NI-6840 as evidence of the prosecution in the Nuremberg IG Farben Trial (German Central Archive Potsdam, IG Farben Trial, Film No. 418/605, ADB 51). They are listed in the yearbook für Wirtschaftsgeschichte, 1966, T. 3, p. 280ff. 2 Accompanying letter to documents 2 and 3.

3. **A large-scale economy organized in this way from the point of view of self-sufficiency and its planned orientation towards the other economic areas of the world must at the same time take into account all factors arising from the military-economic requirements of the Greater German Reich. These requirements are to be seen not only from the point of view of the pure supply of import goods important to the defense economy, but also from the point of view that existing or possible future links of interest between the European countries within the German sphere of influence and non-European countries that could affect their defense potential in the chemical sector are designed in such a way that the interests of Greater Germany are always taken into account; cartels, capital participation and exchange of experience are considered here, for example.**

The work carried out on these grounds will be divided into a "general section" and a section organized by country.
The "General Section" consists of an examination of the situation on the international chemicals market before the world war, the situation as it developed in the years after the world war under the effects of the Treaty of Versailles, and a brief description of the global economic balance of power that can be expected in the reorganization of the international chemicals market.
The section organized by country initially comprises those countries for which, in the course of the military and political events, economic policy negotiations on a fundamental reorganization are to be expected in the foreseeable future within the framework of ceasefire or peace provisions, namely

a) France
b) Holland
c) Belgium/Luxembourg
d) Norway
e) Denmark
f) England and Empire.

Explanations on Poland and the protectorate are also in preparation due to the fundamental decisions to be expected. Preliminary work on the actual organization of the European metropolitan area as such, including the Nordic and south-eastern European region and Switzerland, has been initiated. Its completion depends to a large extent on concrete knowledge of the final shape of this metropolitan area. The same applies to the considerations already made on questions of foreign trade in chemicals
in the relationship between the European metropolitan area and other metropolitan areas.
In preparing the country-by-country explanations, the following points in particular are taken into account without considering whether general regulations covering the entire German industry are to be expected for individual points:

a) trade policy measures, such as
customs duties
Quotas Licenses
Export regulation
Certificates of origin and compulsory
declaration Registration obligation,
b) foreign exchange and currency policy measures,

c) Issues relating to the right of establishment, in
particular permanent establishments,
Work permits ngen,gu
d) tax policy measures,
e) Patent and trademark law issues,
f) Control of industrialization,
expansion of existing industries,
establishment of new industries,
g) Treatment of shareholdings of foreign companies in Germany,
h) Questions arising from previous international capital links and, in particular, from the control system of the enemy arms industry in the chemical sector and its connections with each other, as well as from the point of view of future integration of German holdings in the course of the formation of the Greater Europe,
i) Issues relating to the relocation of the registered office of international business associations and organizations as well as institutes,
k) Procurement of raw materials and related issues.

In view of the wealth of material to be dealt with and the broad scope of the problem, a final statement on all questions arising from the above disposition will require a considerable amount of time. Since, on the other hand, a number of questions are to be regarded as urgent, we believe that we should also proceed in your interest by initially anticipating the "General Part" and our comments on France for the negotiations already pending in Wiesbaden and by submitting our comments on the other questions as they arise.

With this in mind, we take the liberty of enclosing this letter:

1. the above-mentioned "General Section".
Following a wish expressed by the Reich Ministry of Economics –
A summary of the direct losses incurred by IG in its legal predecessors and its Group companies as a result of the Versailles Peace Treaty is attached.
A list of the direct and indirect war damage that has occurred since September 1, 1939 is available on ,vunsch.
2. IG Farbenindustrie's position on the issues arising in Franco-German relations in the chemicals sector with regard to production and sales.
Our comments on Holland will follow as soon as possible.

Heil Hitler!

I G Farbenindustrie Aktiengesellschaft

signed by Schnitzler signed. Krüger

Postscript:

A letter with the same wording is addressed to:
Ministerialdirigent Dr. Bergemann
Ministerial Director Dr. Mulert
Dr. Ungewitter/Chemical Industry Testing Laboratory Envoy
Hemmen, German Armistice Delegation

2) Annex to document 1:
The IG Farben "reorganization" ("General section" and "France" report)

General part

The given starting point for a fundamental consideration of the planning tasks of the Greater German chemical industry in the greater European area and the integration of this area into the world economy is the observation that the German chemical industry of the pre-war period occupied by far the first place both in terms of the absolute volume and value of production and in terms of its position in the world's foreign chemical trade and, due to the development trends in the pre-war period, combined with its capacity and scientific achievements, was about not only to maintain its clear lead but to increase it even further. The end of the world war with all its economic consequences abruptly interrupted this clear development. Territorial changes, the industrialization of former reference countries and measures deliberately directed against German chemistry by the enemy countries brought about a shift to Germany's disadvantage with extraordinary consequences.

The full impact of this shift could only be demonstrated if reliable and comparable data on world production in the typical production areas of inorganic and organic chemistry were available for the pre- and post-war period in terms of quantities and values. Only on the basis of such production figures would it be possible to show the extent to which German chemistry lost ground as a result of the world war and the extent to which the start of domestic production in numerous countries impaired German exports or made them impossible. If, in the absence of such production statistics, one were to attempt to illustrate the extent of the shift that occurred on the basis of foreign trade statistics, such an approach would be fundamentally flawed. This is because the volume of world chemicals foreign trade inevitably lost comparability with the pre-war figures from year to year after the war as a result of the statistically unrecorded own production, whereby comparability is further disturbed by the fact that, on the other hand, a growing number of new areas and products with their export values appear in the export figures.

Nevertheless, the following are some observations based on foreign trade statistics:

Germany's chemical exports in 1913, the **last year before the world war, amounted to** 910 **million gold marks.[1] In contrast, German chemical exports in** 1924, **the first normal year after peace, so to speak, a m o u n t e d to** 610 **l\fillion Reichsmarks. \Even a purely external comparison of these two figures, which show a decline in Germany's participation in world chemicals foreign trade (amounting to 2,**730 **million Reichmarks), is not enough.**

1 Cf. manuscript of the Verein zur \Yahrung der Interessen der chemischen Industrie Deutschlands e. V.: "Overview of the work area at the end of 1928" **by Dr. Claus Ungewitter, page** 219.

lion gold marks2) from about one third in 1913 to about one fifth in 1924 (world chemical exports — 3,150 million gold marks2) with a simultaneous increase in the American, French, Italian and Japanese share, would clearly illustrate the significant decline in German chemical exports, it must be pointed out that the real extent of the decline in German chemical exports is by no means illustrated by the external figures in accordance with the actual conditions. These figures do not show the loss which is due to the fact that — as already emphasized at the beginning — major markets such as England, the USA and Japan, which were importing countries before the world war, have to a large extent become self-sufficient in their own domestic market. If the German share in the first post-war period must therefore be described as too favorable because the total volume of foreign trade, by which eT is measured, is relatively smaller than before the world war, then conversely this German share also appears too high because the effective German exports of the first post-war years already include products that played no or only a subordinate role in German export values before the world war. Both factors had an increasingly strong impact in the following years. If the figures for the years after 1924 therefore show a certain increase in Germany's participation in world chemicals foreign trade — without, however, the German share being able to reach the nominal pre-war level again – this development only appears to mean a partial recovery of the lost German positions. Rather, the actual development is characterized by the fact that, despite all the measures taken against Germany in these years, the German chemical industry was able to regain its position through the interaction of research and production, commercial initiative and economic policy measures, by refining the old product ranges, creating specialties and completely new types of products and by stimulating new consumer demands.

The company has endeavored with some success to compensate for losses that could not initially be repaired.

For these reasons, the German share of world chemicals foreign trade in 1938, at around a quarter, is only favorable at first glance, since it includes German participation in the export of chemical products which, such as nitrogen fertilizers at around 53 million marks compared to around 36 million in 1913, had a considerably lower share in chemicals foreign trade before the World War, given the state of technical development in production and consumption. This structural change in foreign trade in chemicals and the resulting difficulty in comparing foreign trade figures becomes even more obvious when one considers that the total German participation of around a quarter is partly due to the fact that, for example, the item "pharmaceutical products" with around 127 million compared to around 70 million in 1913 and the item "phototechnical products" with around 32 million and around 19 million respectively in 1913 are recorded in the German exports of 1938. In both of the latter areas, the increase reflects not so much a recovery of positions lost as a result of the world war, but rather the typical fact that new consumption arose, in the development, control and satisfaction of which German chemistry played an outstanding role.

If, on the other hand, one limits oneself to an examination of the development of the German export share in the main major markets comparable with the period before the world war, then one can say that the German export share in the

2 \\'el'le calculated according to the official statistics of the individual countries and converted to gold marks, excluding Chile.

If we take a closer look at the inorganic and organic chemical sectors, it becomes clear that the loss as a result of the lost war remained a permanent one. This can be clearly seen in the drop in export values for "inorganic chemicals and charcoal products" from around 186 million in 1913 to around 153 million in 1938. The most striking and serious loss, however, was in the area of dyes and intermediates, which was to Germany's disadvantage:

Until the outbreak of the world war, organic tar dyes were produced almost exclusively in Germany – 82% of the world's total production. guHowever, the 82% share does not yet fully reflect Germany's real position in world dye production. This is because France, England and Russia forced the German dye factories to transfer part of their production to these countries through corresponding patent and customs legislation; this took the form of branch factories, whose production amounted to around 6% of world production in 1913. Germany's share of the world dye business thus amounted to almost 900fo.

The Swiss dye industry, which is roughly the same age as the German dye industry, produced only 6% of the world's total.

Smaller local dye factories only existed in France, England and the USA before the World War. Minor productions that still existed in one country or another played practically no role.

For the internal structure of dye production outside Germany before the war, the fact that the primary and organic intermediate products required for this were supplied almost exclusively by Germany is decisive.

The world picture for the year 1913 is as follows:

	Dye production in t	% of total 82
Germany	127000	
German branch factories abroad	10 000	6
France	2 000	1
England	5000	3
Switzerland	10 000	6
USA	3 000	2
	157000	100

= :Mk. 350-400 million.

World exports of tar dyes in the same year amounted to

	in t	in Mk.	
from Germany	109000	218	90,5%
from Switzerland	9 000	23	9,5%
	118000	241	100 %

The following organic intermediate products for the production of tar dyes were exported from Germany in 1913:

	t	in 1000 Mk.
France	1 087	1151
England	421	721
Switzerland	4 191	4 298
USA	3 420	3 130
Poland/Russia	746	962
	9 865	10 262

The world war provided a welcome opportunity for the major customer countries to take action against Germany's leading position, with the British in particular using the argument that organic dye production was the basis of every chemical war industry. As a result, "national" dye industries were set up in a whole series of countries. These endeavors received state support from the outset through the provision of funds when they were founded or through ongoing subsidies. After the end of the world war, strong protection was provided by import bans and high tariffs, the effects of which were exacerbated by the constantly renewed anti-German attitude of consumers.

The new "national" productions in the dyestuff sector and the measures taken to develop them and conservation measures, some of which were enshrined in the provisions of the Versailles Peace Treaty, led to the shifts in Germany's participation in covering "\Velt dye requirements and world foreign trade in dyes, as shown in detail in Annexes I and 113.

This shows that, due to the development of "national" dye industries in many parts of the world, the German economy in 1938 now accounted for about 27% (in terms of volume) and about 40% (in terms of value) of world demand, which amounted to about 700 million marks, compared to about 90% in 1913, and that German exports fell from 218 million marks (= 90% of world exports) in 1913 to 126 million marks (= 55% of world exports). In contrast, Germany would have contributed to foreign consumption in 1938 (i.e.

world consumption excluding Germany) of approx. 550 million marks on the basis of its pre-war participation of around 900/o could theoretically participate with approx. 495 million marks.

Exports of intermediate products for tar dye production fell from approx. 10 million Mk. to approx. 4 l\Iill. Mk. decreased.

There is no doubt that dye production would have started up successively in various countries even without the world war. However, the current extent of production outside Germany is clearly the result of the political and economic power relations that have been directed against Germany over the last 20 years. The impact of this development extends beyond the dye industry. This is because dye chemistry provided the basis for the start of further production in organic chemistry, particularly in the field of dyeing auxiliaries and textile auxiliaries, pharmaceutical products, vulcanization accelerators, solvents, paints, plastics and others.

The above observations on the pre-war and post-war situation can ultimately be summarized to the effect that, as a result of the world war, the leading position of German chemistry in world production and world foreign trade was reduced to typical levels.

3 The two attachments mentioned are not included in the document book of the prosecution – D. E.

gu The German chemical industry has been transformed into a state characterized by the stubborn defense of highly contested markets against growing competition from new foreign chemical producers, largely directly or indirectly favored by the state. gu The indirect damage to the German chemical industry as a result of the world war is thus incomparably greater than the direct losses in substance and value suffered by IG alone, which, like confiscated receivables and warehouses, sequestered branch factories, etc., can be expressed in figures. (For a list of direct losses, see appendix.)

There is no doubt that it will not be possible to return to the conditions that existed at the outbreak of the World War or to restore the economic development that has taken place in the individual countries and regions over the last 20 years to the detriment of Germany to its original state. To a certain extent, the deterioration in Germany's position compared to 1914 will have to be accepted as irreparable. It may therefore seem all the more justified to give German chemistry a leading role again in the planning of a large-scale European economy and a position that is commensurate with its technical, economic and social importance.

scientific rank. However, a decisive influence on all planning for the European area will be the need to ensure purposeful and effective management of the inevitable confrontation with the large-scale economies outside Europe that are already emerging today.

In order to make a successful gr assertion of Greater German or European-continental chemistry

In order to ensure the success of this conflict, it is imperative to clearly recognize the forces that will be decisive on the world market after the war. - Their significance is briefly outlined below:

1. The main focus of the dispute over a reorganization of the world market will rest in relation to the *North American corporations*. Pushed away from European business for reasons which were already effective before the war and which will be increasingly effective after the war, the Americans will try with all their might to maintain and promote the expansion of their chemical exports, which could be achieved to countries other than Europe during the war. The focus here is on the Latin American market, whose importance must be judged not only by the value of pre-war sales, but also by the economic development opportunities and trends that this part of the American continent harbors for the future. The efforts of the Americans in the pre-war period to expand sales in the Latin American markets were to a large extent hampered by trade policy difficulties in that the USA was unable to liquidate the credit balances from its exports to these countries through sufficient purchases from these countries and, on the other hand, these countries did not have enough free foreign exchange to overcome the limits that arose for the balance of payments from the balance of trade. It must be assumed that a change will take place in the USA's relations with the main countries of the Latin American continent in the wake of the war that will change the position of the American

- The important question of the orientation of British chemistry in relation to European-continental chemistry and the equally important question of the future position of Swiss chemistry within the continental area will be dealt with in the context of the Hinder report as soon as the political conditions permit such a more concrete presentation,

competition, and not only in the chemical sector. The strengthening of the pan-American idea will coincide with the effects of the fact that England will now completely lose the role of financier of the Latin American countries, which was already shaken after the last war, and that the USA will take its place. Latin America will not only be able to buy more from the USA in the course of a stronger influx of American capital, but will probably also have to buy more. It will depend on the degree of order or disorder in the European economic area and the creation of purposeful trade policy conditions to what extent and at what speed Europe, and Germany in particular, will be able to develop as a pure

The "trading partner" will be able to re-establish, maintain and expand its position on the Latin American continent. Incidentally, what has been said for Latin America should also apply to Canada to a certain extent.

The second main area of conflict with the USA will be the countries of the Far East, including present-day British India and the Netherlands Indies.

2. The confrontation with the Americans in the Far East will be given a special flavor by the fact that the question of the extent to which the European position in the Far East can be maintained vis-à-vis *Japan will* be decided in the same area. The weakening of Japanese forces as a result of the ongoing Chinese conflict may offer trade policy and other opportunities for the realization of the economic hegemony sought by Japan in the Far East.

countries on the edge of the Pacific Ocean or to hold them back for the time being. In the longer term, however, it must be expected that the stronger pressure on European economic interests in the Far East will come from Japan – perhaps also in connection with the effects of a new era of industrialization in China – and less from the USA. It would not be wrong to say that the difficulties already encountered by imports to Manchukuo, Japan and northern China, for example,gn et, indicate the direction in which East Asian trade policy will move in the future.

3. The problem of the *Italian chemical industry* cannot be addressed at the moment.

The question of the future of Italy's future must be discussed in more detail, as the possibilities of forming a greater Italian area cannot yet be overlooked. However, because of the particular difficulties that will undoubtedly arise in relation to a greater Italian area and in view of Italy's expansionist efforts in South-Eastern Europe and Latin America, which have already become apparent, it must already be emphasized today that, given the general German-Italian relationship as it must be assumed at the end of the war, it will be difficult to deal with Italy on the basis of the status quo, as it must be assumed to be at the end of the war, it will be difficult to negotiate with Italy on the basis of the status quo before the outbreak of the war, unless the desire for increased exports is initially replaced by the desire for a greater share of the domestic market.

4. A similar special presentation is also envisaged for *soot/,and,* which in this

This must be mentioned in this context as a factor which, under constant political conditions, is capable of influencing and disrupting the confrontation between European chemistry and the other major$_{gn}$ areas.

When evaluating the balance of power described under 1-4 in terms of its influence on the plans to be made, a circumstance that has a very general effect on non-European economic areas must not be ignored. The current war has again triggered a wave of industrialization in non-European countries. This development not only directly affects the production of chemicals in the form of

In addition, industries have emerged and will emerge in these regions in the foreseeable future that manufacture products previously imported from Europe and require chemicals in the broadest sense for their production. However, the growing demand for chemicals in non-European countries will not easily be met in full by German or European producers, at least not at the same prices, because it will be subject to stronger competition, especially from the Americans and Japanese or new national chemical producers.

The scope and impact of this wave of industrialization is reinforced by the fact that European flight capital is seeking investment in such non-European markets, especially in South America, and this investment is partly supported by the transfer of processes and human and material experience.

The above remarks show the extent and significance of the relocations that occurred as a result of the world war to the detriment of the German chemical industry. In addition to a review of the events of the past, a description is given of the forces to which not only the German, but ultimately the European chemical industry was exposed after the war.

continental chemical industry will face a serious confrontation. Retrospect and outlook show the necessity to focus all planning on ensuring the success of this conflict and, to this end, to subordinate divergent interests in the European industrialized countries that can be influenced by Greater Germany in terms of economic policy to this goal.

This line of thought is guiding and decisive for the elaboration of our country-by-country considerations and proposals. (Follows table p. 258 – D. E.) The losses recognized by the responsible official bodies thus amount to a total of around 133 million marks, to which must be added the reported 70 million marks for exchange rate and interest losses on reparation etc. deliveries of dyes. -deliveries for dyes. However, the approximately 203 million marks only partially cover the indirect losses incurred by the German economy. This is because there are a number of large loss items that were not registered with the Reichsentschädigungs- or Reichsausgleichsamt at the time. In particular, these are the following items:

a) Losses in export values due to the calculation of reparations deliveries at the lowest \world market price instead of the normal export price, as prescribed by the Treaty of Versailles.
b) Damage caused by months of shutdown of West German \Vcrke during the occupation or the dormancy period.
c) Sanction damage during the Ruhr War through the levying of customs duties between occupied and unoccupied territory.
d) Confiscation and expropriation of patents and trademarks, by imposing excessively low remuneration rates for compulsory etc. licenses and by devaluing agreed equivalents as a result of currency devaluation. -licenses and by devaluation of the agreed equivalent as a result of currency devaluation.

The impact of the losses in items a) – d) on the German economy cannot, by its very nature, be measured precisely. However, their amount is certainly several times higher than the amounts on which the claims settlements at the time were based. For example, an amount of 126 million marks was incurred from item a) alone.

A summary of the direct losses incurred by the IG in its legal predecessors as a result of the armistice conditions of 11. 11. 1918, the provisions of the Versailles Peace Treaty and the Ruhr War.*

		France- rich	Belgium	England & Dominions	Russia	various Lin- without linder division	Total
1) Branch factories and							
2) Points of sale Securities	in the enemy-love	23 674	1466	16 580	28711	3697	74 128**
	}	5955	—	3076	—	—	9 031**
3) Inventories, receivables, bills of exchange	Abroad	1 245	539	11 493	3610	4908	21 795**
') Customer locations in enemy! abroad, which were reported to the Reicbsausgleicbsamt		1 876	507	6742	18833	—	27 958***
		32 750	2512	37 S91	51 154	8605	132912
5) Exchange rate and interest loss on reparations etc. -deliveries in dyestuffs according to the letter from Frankfurt to the Commissioner of the Court of Auditors of the German Reichstag. Reich at the Reicbskommissariat für Reparationslieferungen, Berlin, dated September 21, 1926							70 000
							202912

• Details In 1000 Marks - D. E.

** Receipts for:

1) *Baduche Aniline & Soda Factory, Ludwigshafen*
Final compensation decision of 17. 4. 1934, File IV D, Ref. 4349 and of 4. 1. 35 File E 2, VA Ea 65 263 IV of the Berlin State Finance Office as the settlement office of the residual administration for tax matters.

2) *Farbenfabriken l'Orm. Friedr. Bayer & Co, l,e,,erkruen*
Final decision$_{gun}$ gsbescheid des Reichsentschädigungsamts Berlin für Kriegsschäden v. 30. U. 29 Akt IV D, Vergl. 4302, Ant. III D and of 9. 9. 1929 Section I C Group for Securities.

3) *Farbwerke POrm. Meister Luciru & Brüning, Höchst a. M.*
Final compensation decision of 29. 9. 1932, file IV D, reference 4038 of the Restverwaltung für Reicbsaufgaben, Berlin.

4) Leopold. *Cassella & Co, G.m.b.H., Frankfurt a. M.*
Final compensation decision of 10. 1. 1933 I V B, Vergl. 10 633 and of 25. 3. 1931, E, III/IV B 10 633 of the Reichsentschädigungsamt für Kriegsschäden, Berlin.

5) *Aktiengesellschaft für Anilinfabrikation, Berlin*
Final compensation decision of 24. 9. 1930, file IV D, reference 16 186 of the Reichsentschädigungsamt für Kriegsschäden, Berlin.

6) *Chemische Fabrik Gri.esheim-Elekiron, Frankfurt a. M.*
Final compensation notice of H. 10. 1931 File IV D, reference 4645 of the Rest Administration for Reich Tasks.

7) *Chemical factories <-orm. Weiler-ter Meer. Verdingen*
Final decision$_{gungs}$ hescheid of July 17, 1930, Section E, File IV D, Ref. 9349 of the Reich Compensation Office for War Damage, Berlin.

8) *Kalle & Co., Biebrich*
Final compensation decision of June 20, 1929, file IV D, reference 9330 of the Reich Compensation Office for War Damage, Berlin.

9) *Wülfing, Dahl & Co., Barmen*
Compensation decision of 5. 9. 1929 file III 6 A (S) 803 Dad. d. Reichsentschädigungsamt f. Kriegsschäden, Berlin.

***10) Claims registration for "outstanding debts" at the Reich Equalization Office, Berlin, according to our books.

France

gu The analysis is based on the assumption that in the course of industrialization, which began in all major countries after the end of the World War, the chemical industry in France also underwent a certain development, which cannot be the ultimate goal of a European reorganization. In contrast to the major chemical industries of the other main industrialized countries of the world, Germany, the USA and England, however, the French chemical industry was primarily oriented towards the needs of its domestic market and only made itself felt in exports in individual areas, and even then often more out of considerations of prestige than for reasons of economic necessity. On average, their technical level was far from being able to satisfy the needs of their highly developed domestic standard alone. The normal need for imports was and remained considerable. If this was curbed in the wake of political and monetary developments in recent years, this did not correspond to the real economic situation. We therefore take the fundamental view that the French chemical industry should retain a life of its own in the coming reorganization, but that the artificial barriers which have been placed on German imports by excessive customs duties, import quotas etc. must be removed. It will also have to be assumed that, in general, exports by the French chemical industry should only be maintained as an exception and insofar as they were already established earlier, i.e. before the onset of the world economic crisis, and that French activity should be limited to its domestic market. In our explanations below, we have been guided by the desire to draw up a program of how the German and French chemical industries can work together to achieve an economic optimum from a rational economic point of view. In general, the Franco-German trade agreement of August 1927 had created a platform for German imports to France that held out the prospect of successful and economically viable operations in France. In recent years, the fact that this trade agreement has continued to suffer restrictions that run counter to its original objectives has created an actual situation that precludes the German chemical industry from operating on the French market in line with the state of German technology and French consumer needs. The reorganization should therefore not be based on the import status quo of the last few years before the beginning of the war, but on the period immediately following the conclusion of the Franco-German trade agreement, during which the volume of German chemical exports to France reached a value of up to around 80 million Reichsmarks per year according to French import statistics. On the other hand, French exports were to be restricted to those product and sales areas that corresponded to a natural level that had been established for decades and had been reached up to the above-mentioned point in time before the global economic crisis. French exports to various parts of the world, such as south-eastern Europe, Scandinavia and South America, which had been made in the last few years before the war for purely prestige reasons, were to be stopped as uneconomical.

Before proposals are made in line with the above, it appears

It is appropriate to provide a historical review of the status and development of the individual sales areas before and after the world war.

1. Development and status of the French chemical industry with special consideration of German export interests, broken down by sales region

1. Dyes, dyeing auxiliaries, textile auxiliaries

The only independent "national" dye producers before the 'veltkrieg were the Societe Anonyme des Matieres Colorantes et
Produits Chimiques de St. Denis (formerly Poirrier)
nnd
Etablissements Steiner, Vernon,
which covered around 10% of French dye consumption.
The Gesellschaft für Chemische Industrie in Basel had a branch factory in St. Fons,as did the company J. R. Gei$_{gy}$ AG, Basel, in I\faromme.
The patent law and the import duty of ffrc.
1. – p. kg (= 0.8 1 Mark) of the branch factories of the German dye manufacturers built before the World War, namely :
Succursale de la Badische Anilin- & Soda-Fabrik, Neuville s/Saöne
(Ludwi$_{gs}$ port)
Societe Anonyme des Produits Chimiques Fredr. Bayer & Co., Flers (North)
(Leverkusen)
Compagnie Parisienne de Couleurs d'Aniline, Creil (Oise)
(Highest
) Manufacture Lyonnaise de Matieres Colorantes (Usine la Mouche), Lyon (Rhone)
(Cassella)
Succursale Francaise de l'Aktiengesellschaft für Anilinfabrikation, St. Fons
(Agfa, Berlin)
Societe Anonyme des Etablissements Weiler-ter Meer, Tourcoing
(Uerdingen)
were taken away from Germany during the World War and placed at the disposal of French industry, whereby not only the plants but also the technical and commercial knowledge of the employees taken over became enemy property.
The patents and trademarks owned by the German dye industry were exploited by the French national industry.
After the war, German imports were subject to the general tariff rates, which were four times the minimum duty rates and therefore prohibitive for dyes;
In addition, imports were subject to an authorization requirement$_{gu}$ ngszwang. The dyes still required until the development of greater efficiency in their own production were imported via
The goods were mainly purchased from Germany duty-free and at preferential prices on the basis of Annex VI of the Versailles Peace Treaty. The French treasury levied a reparation tax of 26% of the invoice value on the French buyer for every delivery made outside the reparations.
In 1938, a dye import license law was passed,
The French-owned French dye industry today consists of the following companies:

1. **Compagnie Nationale de Matieres Colorantes et Manufactures de Produits Chimiques du Nord reunies Etablissements Kuhlmann, Paris**
2. **Societe Anonyme des Matieres Colorantes & Produits Chimiques de Saint-Denis, Paris**

3. Compagnie Franaise de Produits Chimiques et Matieres Colorantes de Saint-Clair-du-Rhöne, Paris
4. Societe des Produits Chimiques et Matieres Colorantes de Mulhouse, Paris
5. Etablissements Steiner, Vernon
6. Societe Anonyme pour }'Industrie Chimiques, Mulhouse-Dornach
7. Mabboux & Camell, Lyon
8. Societe des Matieres Colorantes de Croix-Wasquehal (Burel), Roubaix
9. Prolor, St. The

Companies 1-6 are interlinked in terms of capital and united in the "Centrale des Matieres Colorantes, Paris"; companies 7-9 are under the control of the Centrale des Matieres Colorantes. *)

With the exception of the Soc. An. des Matieres Colorantes & Produits Chimiques de St. Denis and the Etabl. Steiner, Vernon, which already existed before the World War, these companies are based *exclusively* on the potential of the above-mentioned branches of the German dye factories in France and either still operate the old plants today (St. Clair-du-Rhöne/La Mouche) or have built new plants in the immediate vicinity of former German factories, consolidating the operations that were spread across several factories before the World War. The latter applies in particular to the largest of the French dye companies, the Compagnie Nationale des Matieres Colorantes et Manu factures de Produits Chimiques du Nord reunies Etablissements Kuhlmann, which merged into the Compagnie Nationale des Matieres Colorantes, whose main factory was rebuilt in Villers-St. Paul (Oise), diagonally opposite the former Höchster factory - the Societe Parisienne de Couleurs d'Aniline – which had become a ruin.

Under pressure from the French inspection authorities deployed in the German factories and in order to put an end to the factory espionage practiced there, the German dye factories concluded a 45-year contract with the latter Compagnie Nationale at the end of 1920, according to which, in return for technical assistance the Comp. Nationale a cash amount of 162/3 million ffrs. - corresponding to approx. 5.5 million GM - and to transfer half of its net profit by December 3, 1965 had.

The one-off cash amount was paid, but a profit share was never paid out, as the French company did not report any profit in the two years that this contract existed.

During the Ruhr War, the Comp. Nationale was taken up by the above-mentioned Kuhlmann establishments. They declared that they were not bound by the contract and canceled it.

unilaterally in 1924. Given the powerlessness of the Reich at the time, it was necessary to refrain from pursuing the case legally. The breach of contract was all the more outrageous because in the two years during which the contract existed, the entire Comp. Nationale factory was completely rebuilt using our processes and experience on the basis of our technical advice, which was provided under the leadership of the former first technical director of Leverkusen, Director Dr. Krekeler.

The close technical and personal relationship between Kuhlmann and St. Denis - Kuhlmann holds a significant stake in St. Denis and has several representatives on its board of directors – the technical services Kuhlmann has received have also largely benefited St. Denis.

- In addition, the company Societe pour !'Industrie Chimique ∂ Bäle Usines Succursales ∂ St. Fons, which belongs to the Basler IG, is located in St. Fons near Lyon.

The above-mentioned factors led to the German dye being almost completely pushed into the background in France, and in the Franco-German trade agreement of 1927 Germany had to accept an import quota of.
5 million GM, which also included the dyeing auxiliaries. A considerable customs burden remained. In contrast, dye sales in France and its colonies amounted to a total of 48.5 million marks in the same year,
of which around 2/3 was covered by the "national" dye industry and around 25% by Swiss production sites and Swiss imports. Germany's share of the
Satisfi$_{gu}$ ng French dye consumption thus fell from approx. 90% in 1913 (turnover approx. 22 million gold marks) to approx. 9% in 1927, whereby it should be noted in particular that Alsace-Lorraine, with a highly developed dye-consuming industry and a population of around 2 million, was part of the French domestic market. Apart from its extensive domination of the French market, the French dye industry began to turn increasingly to exports. This endeavor caused considerable damage to the German dyestuffs foreign trade volume, not so much in the loss of customer positions — the German dyestuffs industry fought the French with all its energy – but rather in the fact that the German export price structure was often affected on a broad basis by France's underbidding.
After years of fierce competition, which for German industry could not be conducted on the French market due to the discriminatory treatment of German imports and therefore only took place on the world market, a market-regulating cartel agreement was concluded in 1927 in the course of the above-mentioned Franco-German trade negotiations, which was intended to eliminate competition between the German and French groups and largely achieved this goal, albeit with the German industry substantially relinquishing its activities on the French market and recognizing the export volume achieved by the French in the struggle, which in recent years has amounted to approx. 11 million RM p.a. in recent years.
However, the double injustice of 1918 and 1923/24 was never made good.

2. Chemicals

Before the war, French industry in the chemicals sector mainly covered the needs of its own country, including the colonies, and essentially only exported production peaks. This went hand in hand with the well-known tightening of French trade policy in the form of an extraordinarily elaborate tariff and quota system,
with the further complication of imports caused by the obligation to designate origin,
with the complication in the right of establishment,
with discrimination through propaganda in favor of the national industry,
the endeavor to force the export of French chemicals beyond the previous scope under all circumstances has become increasingly clear. In addition to the general impairment of German exports caused by this, the often inadequate knowledge of the market situation led to far-reaching price collapses, which severely disrupted German export interests on third markets on a growing scale.

3. Pharmaceutical products, dental products, pesticides and vet. med. products "BAYER". Sera and vaccines BEHRINGWERKE

Before the World War, there were seven major producers of pharmaceutical specialties and pharmaceutical chemicals in France, namely
Societe des Usines Chimiques du Rhone, [Parist],
Etablissements Poulenc-Freres, [Paris1], Laboratoires
Clin, Comar & Cie, Paris, Laboratoires Midy, Paris,
Etablissements Byla, Paris,
Etablissements Chatelain, Courbevoie (Seine),
Institut Pasteur, Paris,
In addition, there were only a large number of small and medium-sized companies, most of which were only of local importance. However, batch production was far from sufficient to cover the demand for pharmaceutical products within France. Exports were almost exclusively for specialty products, primarily from the seven manufacturers mentioned above.
The volume of sales to France, including the French colonies and French protectorates, made by the companies that later joined the IG in the years before the World War amounted to around 1.5 million Reichsmarks per year. The possibility of importing our products, which was only re-established by the trade agreement of August 17, 1927, only led to modest sales in the years after 1927 and in 1939 generated sales of around RM 600,000. While the average annual export to France before the World War corresponded to approximately 6% of the total export of the above-mentioned IG companies, the export of RM 600,000 in 1939 represented less than 1% of the total export of "Bayer". So while total exports in 1939 have now increased two and a half times compared to the pre-war period, sales to France have fallen to 40% of pre-war sales.
This development was caused by the particularly difficult and disadvantageous conditions of the post-war years as a result of the World War and the Versailles Dictate. The forced exclusion of all German pharmaceutical products from the French market for almost 15 years, the confiscation of German trademarks, the exploitation of stolen German intellectual property, and the chauvinistic attitude of all circles involved after the war, which was strongly promoted by the authorities and exploited to the utmost by the industry for its own purposes, led to an extraordinary upswing in the pharmaceutical industry in France. As a result, not only could the French market be largely supplied from its own production within a short period of time, but this expansion also led to a considerable export drive to world markets for the reasons mentioned in the preamble, to which purely economic export interests were added in the French pharmaceutical industry. With their now well-developed domestic market as a backing, French companies appeared to be extremely active in all countries of the world, with few exceptions. This often led to strong price

1 Both merged on June 26, 1928 to form Societe des Usines Chimiques Rhöne-t>oulenc, Paris, which still exists today.

In the course of this struggle, valuable sales territories often fell to the French to the detriment of German exports, but in any case German export earnings were significantly reduced.

A closer examination of the products created by the French industry in the period after 1914 makes it easy to see that in the vast majority of cases they were plagiarized German originals.T No legal action could be taken against the publication of French plagiarized products, which in almost all cases constituted a clear infringement of German patent rights, as there was and is no patent protection for pharmaceutical products in France, a situation which is to be remedied in principle for the future by proposals set out elsewhere. Only in a few exceptional cases did French industry come up with its own inventions and discoveries.

This broadly described development since 1914 and 1918 is characterized in detail by the following data:

The law of November 7, 1919, made it compulsory to obtain a permit to import German goods.

of German pharmaceutical products only. This measure, in conjunction with the application of the maximum tariff at four times the basic rate of duty, completely prevented the import of German pharmaceutical products until 1927. The same applied to the French colonies, protectorates and mandated territories on roughly the same dates. After the conclusion of the French-German trade treaty of August 17, 1927, these restrictions were lifted, but the absence of our products from the French market for the duration of the treaty was not a problem.

of 14 years and the expansion of the French pharmaceutical industry that took place during this time have, however, condemned our business in France to the modest scale mentioned to date.

In addition, sales were further hampered by the high import duty of 15% of the retail price of pharmaceutical specialties, which represents a burden of around 350% of the exemption limit.

The French law of 25. 4. 1895 and its supplement of 14. 6. 34 (published in the "Journal Officiel" of 22. 6. 34) imposed provisions on the import of sera and vaccines that made the import and distribution of German serobacteriological products in France practically impossible and served exclusively to protect the domestic industry. Repeated complaints in the German-French trade negotiations were unsuccessful despite the German offer of a solution.

Although import bans (and other] restrictions do not exist in the area of veterinary specialty preparations and veterinary sera and vaccines, aud1 restrictions do not exist per se, aud1

.. \What then is to become of the barely paid-for expensive facilities built to manufacture the products invented by Germans? - G.anz in general, whether the process is patented or free, that has little to say. If we only consider French consumption and that of the countries in which the German invention has been used.

industry could not be patented, we have, on the basis of our laws, the possibility of exploiting the manufacturing processes invented by the Germans, and it would be ridiculous on our part if we were to use these legal provisions.

They did not want to take advantage of the circumstances." - From a lecture by Prof. Fourneau to the Society for the Promotion of National Industry on April 17, 1915. in "Englands Handelskrieg u. die ehern. Industry". Prof. Dr. A. Hesse and Prof. Dr. H. Grossmann, Stuttgart 1917.

business development in this sector has only been possible to a limited extent. This is due to the fact that more than 90% of French vets are organized in an association (Syndicat National des Veterinaires de France et des Colonies), which undertakes to buy only from "approved" French veterinary companies, which in return provide each of their packs with a token and pay the amount of this token into the pension fund of the French veterinary association. It was practically impossible for us to get into this ring of French veterinary companies.

The entire range of opotherapeutic products for parenteral injections, which have become increasingly important in recent years, were heavily restricted in import. The regi

Although there is also an obligation to register domestic products, a p p r o v a l for these was granted unchecked, whereas we had to make years of effort to obtain approval for each individual product.

A further complication was the affixing of the origin mark as required by customs law.

merks (Imprime en Allemagne) for a large part of the propaganda material that is important to us.

The fact that German products are also given lower priority than French products in tenders and other contract awards by the French government is another reason why the German products are not used in France.

The lack of cooperation with local, municipal or other authorities had a negative impact on sales of our products.

Significant difficulties also arose in setting up a representative office in France. Tax policy and labor law measures and regulations made it difficult to set up

of well-functioning representation that is aligned with our interests is practically impossible.

The situation in the field of trademarks was particularly detrimental to our business. The free declaration of our protected trademarks under the Versailles Dictate and the impossibility of p r o s e c u t i n g trademark infringements until 1928 led to considerable damage. For example, our protected Aspirin trademark was used by eight companies in France.

We suffered major losses, particularly in terms of business opportunities, due to the lack of a patent law. In France, for example, we were forced to conclude license agreements with various companies for valuable products such as Abrodil, Betaxin, Germanin, Naganol, Asuntol, Atebrin, Plasmochin and Prontosil, the terms of which in no way reflected the true scientific interest of the French partners.

and were only concluded by us in this form under the pressure of the unfavorable circumstances.

The same applies to the international conventions for pharmaceutical chemicals led by Germany, e.g. "Bayer" for acetylsalicylic acid, where the French had to be granted territorial protection provisions and export quotas that went far beyond what the French companies were actually entitled to.

It is difficult, if not impossible, to precisely determine the damage caused in this way to the pharmaceutical division of IG alone. On the basis of carefully compiled documents that are available, we estimate the damage caused to IG's pharmaceutical division since 1914 at around 80 million Reichsmarks.

4. Photographs

France already had a domestic photographic industry before the world war, which was largely protected by customs policy. Of the companies existing at that time, the Pathe company became the property of the American company Kodak Rochester after the war. At the outbreak of the war in 1939, the following factories were engaged in the manufacture of photographic products:

1. **Kodak-Pathe**
2. **Soc. Lumiere**
3. **L'Industrie Photographique (Gevaert)**
4. **R. Guilleminot, Boesflug & Cie.**
5. **As de Grefle" (Anciens Etablissements) Grieshaber**
6. **Establishments Grumiere**
7. **M. Bauchet & Cie.**

The following companies were also involved in the manufacture of photographic cameras and narrow film cameras:

1. **Societe Lumiere (cameras)**
2. **Geronet Camera Cie. (cameras)**
3. **Soc. Andre Levy & Cie, Ets. Boyer (cameras)**
4. **Etablissements Emel (cine cameras)**
5. **Soc. des Etablissements Krauss (Photo-Optics)**
6. **Oehmichen (cine film cameras)**
7. **Pathe-Natan, Pathe-Cinema (cine cameras)**
8. **Soc. Franc;aise, Pathe-Bany (cine film cameras)**
9. **Andre Debrie (narrow film cameras)**
10. **Service Commer&#65533;ial "Ericsson" (cine cameras)**
11. **Pathe-Rural (narrow film cameras)**
12. **Cine Gel (cine film cameras)**
13. **Erosam (narrow film cameras)**
14. **Lapierre Cinema (cine cameras) 15, Su**

Ga (cine cameras)

16. camera facine (narrow film cameras)

After the Versailles Dictate, the protective tariff policy towards all importing countries was continued, but was tightened for Germany through the application of the general tariff until 1924 and the system of reparations deliveries, as well as the preferential treatment of the "pays amis" in quota allocations, which continued after the conclusion of the trade treaty in 1927.

With the granting of minimum tariffs after the conclusion of the Franco-German trade agreement in 1927, the German photographic industry was able to turn to the French market to a greater extent. The result was a tenfold increase in our exports from 1927 to 1931. This favorable development was brought to an end by the French government's quota policy, which began in the spring of 1932. The way in which the quota policy was implemented w a s particularly detrimental to the photographic industry. As the quotas were limited due to imports

of earlier years, there were hardly any opportunities to supply the French I\\arkI with new products that had emerged in the meantime, such as color films, 35mm films and others.

The management of the camera quota, which was in the hands of the Comite lnterprofessionel, posed particular difficulties. The involvement of such a Comite lnterprofessionel meant that decisions on the German import quotas had to be made by bodies and individuals who were to be regarded as direct competitors of the German importing manufacturers and who sought to exploit this situation to a large extent in order to benefit their domestic French production. As a result, this type of quota management resulted in conditions that often did not guarantee a fair distribution and full utilization of the quota quantities. guA further disadvantage for German importers was that domestic French products were absolutely preferred or prescribed for deliveries to public and state institutions and authorities. These tendencies were further encouraged by the fact that competition from German photographic products was made considerably more difficult as a result of the currency devaluation and the associated effects in all areas.

In this way, it was not possible to secure the share of the French market for German photographic products that corresponded to the superior quality of our material.

guIn addition to supplying its own market, the French photographic industry also competed on the rest of the world market. In South America and the Balkans in particular, competition from Kodak-Pathe, Societe Lumiere and Guilleminot had a disruptive effect on us.

On the French market, apart from the German importers, American (Kodak), English (Kodak and Ilford), Belgian (Gevaert) and Italian companies (Ferrania/Tensi) were tangibly represented.

The French industry was united in the "Chambre syndicale des lndustries et du Commerce photographiques". This organization dealt with questions of price and market regulation. The main representatives of foreign products imported into France were organized in the "Chambre syndicale pour l'importation d'articles photographiques et cinematographiques et annexes".

These two chambers came together on market regulation issues, with the market regulation of French industry generally having to be recognized as authoritative.

5. Fragrances

The industry of synthetic. fragrances already existed in France before the world war. The leading company was the Societe Chimique des Usines du Rhone. This industry possessed <'in customs protection. It amounted to 15% ad valorem for items 112 to synthetic fragrances. Despite this duty, the German industry was able to export 79,000 kg worth 1.2 million marks to France in 1913.

After the war, the duty on synthetic fragrances was increased to 20% ad valorem, to which 5% was added for import and sales tax. This duty and the application of the general tariff to German imports until 1924 made it difficult to rebuild the export of fragrances to France. As further protection for the French industry, a strict quota system was introduced in 1932 which, although it affected all importing countries, was particularly detrimental to Germany in that France granted preferential treatment to the "pays amis", e.g. England and Belgium.

Because the French government made monetary policy a factor in trade policy, it was often impossible for the German fragrance industry to keep up with the constantly falling prices of French products in France and on foreign markets.
In France, for example, the synthetic fragrance industry was able to expand strongly under the leadership of Rhöne-Poulenc, with the result that exports of fragrances from Germany
to France fell to 11,000 kg with a value of 68,000 RM by 1938. This trend of decline as a result of trade policy barriers was reinforced by the fact that the German fragrance industry concluded international conventions with the French manufacturers of vanillin, ethyl vanillin and coumarin for the entire foreign business, which had the effect that the French market for the three products mentioned was lost to German exporters, while the German market remained reserved for German producers.

6. Synthetic staple fibers

We only started exporting the synthetic staple fibers we produce, namely rayon, especially Vistra fiber, and artificial silk, after the World War II.

Vistra

After we had started producing Vistra fibers in 1919, we succeeded in making contact with the French branch of the Industrie-Gesellschaft für Schappe in Basel, the Soc. Ind. pour la Schappe, Tenay and Soc. Anonyme de Filatures de Schappe, Lyon.
After overcoming various market and technical difficulties, sales increased from 1927 onwards. After we had thus created the possibility of processing rayon in France, the group interested in production in France, the Comptoir des Textiles Artificielles, succeeded in obtaining a substantial increase in customs duties in 1929. While customs duties had previously been ffrs. 2.20 per kg, which was considered acceptable in view of the price of Ri\f 4.50 per kg of Vistra fiber at the time, this rate was increased to ffrs. 8.75 per kg in 1929 as a result of the interventions mentioned above. However, it should be noted that later, after the price of Vistra fiber had fallen considerably, it was again reduced to ffrs. 3.40. Nevertheless, the duty increase interrupted the favorable development of Vistra sales in 1929.
A certain expansion of the business was brought about by the fact that the "Association Vistra" was founded in France in 1931 on our initiative. It was owned by the companies :

Le Blan & Cie, Lille, Filatures	Charles Mieg & Cie, :\folhouse,
G. Vermersch, Lille,	Ets. Valentin Bloch, I\fulhouse,
Cotonniere Lilloise, Lille,	Filature de Colmar, Colmar,
Th. Barrois, Lille,	Union Textile S. A., Guebwiller,

an.
On the basis of the contract underlying this association, our Vistra spinning experience was made available to the spinners there. In addition, the spinning experience gained in

In the meantime, we have made known the experience we have gained in Germany regarding the dyeing, printing and finishing of Vistra fabrics. Spinners and weavers received extensive suggestions from the samples we carried out, and we also instructed the processors of our Vistra fibers in France in Vistra propaganda and provided them with extensive support in this area. On the other hand, the spinners belonging to the "Association Vistra" undertook to process only Vistra.

The above-mentioned Comptoir des Textiles Artificielles then exerted pressure on the spinners belonging to the "Association Vistra" in order to expand its rayon production plans by threatening them with a delivery ban if their own production got off the ground and German rayon could no longer be imported into France. As a result, two spinning mills were removed from the "Association Vistra" and the others were influenced to such an extent that it was no longer possible for them to exist. In addition, the Comptoir des Textiles Artificielles founded an "Association Velna", which as such was an imitation of the "Association Vistra".

The exclusion of Vistra fibers from the French market as a result of this situation was only lifted in 1939 with the help of the Industrie-Gesellschaft für Schappe in Basel by supplying endless slivers. This made it possible to reconnect with the French market via the Soc. Anonyme de Filatures de Schappe, Lyon.

Artificial silk

The development of our artificial silk business with France showed an upward trend until 1933. The contract duty rate of ffrs. 16.25 to 19.50 and the customs regulations had an extremely inhibiting effect on business. Nevertheless, it was possible to d o business to a certain extent until then. As a result of the subsequent devaluation of the French currency and the resulting reduction in revenue for our artificial silk in France, business declined steadily and finally had to be discontinued in 1937. In order to adjust to the devaluation, we would have had to raise our prices in francs considerably, but this would have made us uncompetitive against the very strong domestic competition.

In addition to this loss of the French market in favor of the French industry, the devaluation of the currency also enabled the latter to turn increasingly to the export business. The French artificial silk industry did not concentrate on systematically cultivating a specific market, but offered its artificial silk all over the world at prices that were always considerably below the German quotations. This significantly disrupted our exports as a whole, as it was necessary to make considerable price sacrifices in order to maintain the volume of German exports.

7. Nitrogen and nitrogen products

In the *field of nitrogen,* the world war did not cut off long-standing economic developments and constructions; on the contrary, it intervened in the beginnings of the European nitrogen industry, promoting and shaping it. As is well known, 1913, the year before the world war, saw the completion of the Oppau plant, the first plant for the production of synthetic nitrogen. \During the world war itself

The Leuna plant was then built under the compelling necessity of Germany's own nitrogen supply, thereby ensuring that Germany's nitrogen requirements were covered during the war and at the same time creating a capacity that made it possible for Germany to export nitrogen for the first time in the post-war period.

Before the World War, Germany's supply of nitrogen, apart from the nitrogen production of the German coking plants, had been based on the import of 775,000 tons of Chile saltpetre worth 171 million marks annually. For the other European countries with intensive agriculture and a highly developed armaments industry, Chile had also been the main source for covering their own nitrogen requirements.

Until the time of the World War, France had also primarily obtained the saltpetre it needed for its agriculture and armaments industry from Chile (1913 – 322,000 tons). The production of synthetic nitrogen did not yet exist. However, the development of a German synthetic nitrogen industry and its strong increase under the compelling necessities of the First World War led to the decision in France to also become independent of nitrogen imports by establishing a synthetic nitrogen industry for future times of war and peace. Due to the unfortunate outcome of the war for Germany, France not only wished to imitate the example that Germany had set during the World War, but the Peace of Versailles also allowed France to build on the foundations already laid by Germany, bypassing independent initial developments and using German scientific and practical experience and with German help to establish a French synthetic nitrogen industry. Although a nitric acid plant was built in Soulom at the request of the French government during the World War II and the existing calcium cyanamide plant in La Roche-de-Rame was expanded, and although Georges Claude began his experiments with hyperpressures (around 1000 atmospheres) in the field of *ammonia synthesis* as early as 1917, it was not until 1919 that synthetic nitrogen production began in France. In this year, after Claude had had the opportunity to inspect the Oppau plant in detail due to the occupation of the Rhine Palatinate, the Societe de la Grande Paroisse was founded, which exploited Claude's patents. Over the years, a number of plants based on the Claude process were built, particularly in connection with the coking plants of the coal mines in north-eastern France.

After the cessation of hostilities, the French state itself made serious efforts to carry out ammonia synthesis on a larger scale.

Under the pressure of political circumstances, in November 19 19 the French state enforced a contract with the Badische Anilin- und Soda-Fabrik in Ludwigshafcn-Oppau, in which the 13th A. S. F. had to surrender its patents and its experience in the production of synthetic ammonia, ammonium sulphate, nitric acid, ammonium nitrate, xatrium nitrate, urea salts and mixtures of these products1-. The "Badische" also had to undertake to supply all plans and data and to provide technical support for the construction, commissioning and operation of a factory for the production of 100 tons of pure nitrogen per day in the form of ammonia water. However, this project was later modified so that, in addition to the Haber-Bosch process, 1las Casale-Yrrfahrcn - a modified Ilaber-Bosch process - was to be used for the actual ammonia synthesis for about one third of the capacity. You after these plünrn from the French state in the rhPmaligt-n

The Toulouse powder factory, which was built using the Claude process, only began operating on a small scale in 1927. In general, most of the nitrogen factories in France built according to the Claude process, as well as those built later according to the Casale process, were essentially only put into operation between 1927 and 1930. The total capacity of the *synthetic plants* known to us is approx. 275,000 tons of N. However, we consider this figure to be too high, as the production achieved in these plants to date can only be assumed to be 130-140,000 tons of N. The total production of all existing nitrogen plants, i.e. including coking plants, gas plants and calcium cyanamide factories, amounted to around 180000 t N in 1938/39.

As long as France had no significant production of its own, G e r m a n y had to supply France with not inconsiderable quantities of sulphuric ammonia on the basis of the Armistice Agreement and the Treaty of Versailles (in 192-1922, 6,000 tons of N in the form of sulphuric ammonia). During the Ruhr War, the French occupation also confiscated approx. 13,000 tons of N in the form of sulphuric acid ammonia from the B. A. S. F. plants alone and, on the basis of a contract with the occupation authorities (Koblcnzcr Agreement) for the months of December 1923 to February 1924, the free delivery of approx. 2600 tons of N was demanded for the first time. The Koblenz Agreement was extended several times, namely until 21. 10. 1924, and required a further, largely free delivery of approx. 7000 t N. The deliveries in later years, namely from November 1924 up to and including the fertilizer year 1929/30, which were made on the basis of reparation contracts between the Nitrogen Syndicate

and the Comptoir Fran&#xfffd;ais amounted to around 173,000 tons o f N in the form of sulphuric acid ammonia, approx. 5,000 tons of N as lime nitrate and approx. 7,000 tons of N as i\"atron saltpetre during this period. At the end of the fertilization year 1929/30, init the

When reparations ceased, the French plants were able to cover their sulphate requirements from their own production. Although the production of saltpetre

fertilizers, there was still an import requirement of around 6,000 tonnes of N as sodium nitrate per year. France's nitrogen requirements in the last decade w e r e therefore considerably higher than i t s own production. A substantial part of this additional requirement was covered by imports from Germany. This import requirement did not prevent the French government from introducing compulsory licensing in 1931 and l e v y i n g a relatively high tax (approx. 4.8 pfennigs/kg N) in connection with the granting of import licenses. The French state wanted to tap into a source of income that would compensate the French nitrogen industry for the price reduction decreed by the state, and perhaps also partly for the agricultural economy. The Chileans, who until then had almost exclusively covered France's a d d i t i o n a l demand for saltpetre, refused to p a y the required license fee, whereupon the French Minister of Agriculture at the time, Tardieu, intervened to ensure that a supply contract was concluded in December 193 1 between the Nitrogen Syndicate and the Comptoir Fran&#xfffd;ais for the supply of annual quantities of saltpetre.

at least 150,000 tons of sodium nitrate (approx. 2,1,000 tons of N). Because of this c o n t r a c t , there was also an exchange of notes between the German and French governments. In the first year of this contract (fertilizer year 1931/32), the French side carried out the contract loyally. But the very next year

the French had considerable difficulties in complying with the treaty. Regardless of the

Under the terms of this contract, Norway was guaranteed 20% coverage of the French import requirement for natural gas on t h e basis of the Norwegian-French trade agreement. Apart from this, from this year onwards France again purchased

larger quantities of sodium nitrate from Chile and the United States. In view of IG's contractual relations with Norsk Hydro, the Nitrogen Syndicate gave its consent to the deliveries from Norway at the request of the French government in agreement with the German government, which were also in Germany's interest insofar as the proceeds were received via Germany on the basis of the IG contract with Norsk Hydro. The American imports were also approved, as the syndicate believed it could accept them because they provided the syndicate with sales opportunities in other markets as part of the agreement with the American producers. The objections of the nitrogen syndicate to deliveries from Chile on the basis of the contract with the Comptoir were ignored in the first few years. In fact, the contract was not fully fulfilled in the years since 1932/33, but remained in force and was always formally recognized by the French as existing. In the years from 1936/37 onwards, the French showed more inclination to purchase larger quantities from Germany on the basis of this treaty in the course of economic rapprochement. The Comptoir Fran&#65533;ais now also recognized the claims of the nitrogen syndicate with regard to any imports of Chile saltpetre. From this time onwards, Chile saltpetre was only supplied by agreement with the nitrogen syndicate. As a result of the decline in in-house production due to working conditions (strikes, reduction in working hours, etc.), there has also been a renewed demand for imports of sulphuric ammonia in France in recent years, which was met by the CIA partners as part of the deliveries.

This overview shows that, as a result of the armistice conditions and the Treaty of Versailles, the German nitrogen industry was unable to exert a purposeful influence on the development of industrialization in France in the field of nitrogen, which was in Germany's interest. The German industry had to accept the fact that its processes, which had been worked out over years of research, had to be given up or were replaced by French chemists and technicians who had been working on them during the war.

The French government spied on, evaluated and exploited all operational and technical details in the B. A. S. F. factories during the occupation. Even the supply contracts concluded on a private commercial basis were, as the events since 1932 prove, only respected by the French state for as long and to the extent that it pleased and fitted in with its other dispositions.

Finally, after 1930, the German nitrogen industry also had to reckon with the French industry, which had been built up in the meantime, in its cartel policy and include it in the European Nitrogen Convention (CIA). Although the French group later no longer signed the so-called CIA agreements and was therefore not formally a partner in the convention, it did comply with its obligations under the agreements and also participated in some of the burdens. Nevertheless, it occupied a certain special position, which must be denied to it in the future.

II. Proposals of a fundamental nature arising in the German-French relationship with regard to production and sales

The above overview of the development and status of the individual sectors of the French chemical industry clearly shows that the main obstacle to German interests on the French market was trade policy. Therefore

If a participation in the French market commensurate with the importance of German chemistry – the remaining colonies, protectorates and possible mandated territories included – is to be established and maintained, this objective can only be guaranteed by a fundamental change in the forms and means of French commercial policy in favor of German imports. With this in mind, it is proposed :

1. 1. expansion of a French preferential tariff system in favor of Germany, whereby the absolute level of the preferential tariff must exclude any prohibitive effect to the detriment of Germany. The extent of the preference vis-à-vis third countries should be determined and bound on an item-by-item basis.
2. Securing sufficient quotas, whereby, taking into account the need to balance the French balance of payments, purchases from third countries in particular must be transferred to Germany. This relocation must also b e carried out in particular with a view to ensuring sufficient sales of fully-fledged substitute materials (e.g. synthetic tanning agents, raw materials for coatings, synthetic fibers, plastics).
3. It is also necessary to take account of German interests with regard to expected foreign exchange and monetary policy measures by France.
4. Elimination of all discrimination in the area of certificates of origin, compulsory declaration and compulsory registration.

II. Questions of the right of establishment

1. Reich Germans were to be granted unlimited residence permits.
2. The work permit for Reich Germans was to be granted in accordance with the business necessities to be decided on the German side.
   Free right of establishment should be granted, taking into account the trade police and similar provisions that also apply to French commercial enterprises.

III. Tax policy measures

The establishment of permanent establishments of German companies within the meaning of the terminology

of the double taxation agreements concluded by the German Reich (e.g. two_{gn} branches, manufacturing facilities, branches, representative offices) and the establishment of subsidiaries of German companies must not be made more difficult by tax measures. This is understood to mean

A. Operating sites :

a) Taxation must be limited to the assets dedicated to these permanent establishments, including real estate, the income generated by them and the turnover achieved by them.

b) The permanent establishments may not be taxed less favorably than other commercial enterprises in the country concerned with regard to the type of tax, tax rate and taxable event.

c) The income may not be determined on the basis of the balance sheet documents of the German home company, but only on the basis of a percentage of the income generated by the home company.
   of the turnover generated by the permanent establishment. This percentage must be agreed separately between the taxable person and the tax authority for each category of product.
   agree. In the event of a dispute, a joint commission of the two countries in question will decide. Insofar as the income of the permanent establishment is generated by the sale of products manufactured in Germany, the income of the permanent establishment is to be taxed in Germany.

In calculating this percentage, only the dealer profit is taken into account, not the manufacturing profit.

B. The above provisions under A.a) and b) apply accordingly to the taxation of subsidiaries of German companies.
For the taxation of the income of these subsidiaries, their properly kept books are generally decisive. If the foreign tax authority proves that the resulting income is manifestly disproportionate to the income otherwise generated from transactions of the same or a similar nature, the income shall be determined on the basis of a percentage of the turnover achieved by the subsidiary. The provisions under A.c) apply accordingly.

IV. Elimination of regulations, regardless of whether they are issued by an authority or by associations etc., which discriminate against the use of German products compared to French or products from third countries.

III. Special requests for certain production areas

1. Colorants

In order to achieve the desired reorganization and to make partial reparation for the damage suffered in and by France, the most appropriate solution appears to be to ensure a uniform orientation of French production and sales for all future years through the participation of the German dye industry in the French dye industry in such a way that there is no impairment of the German dye industry.
export interest can no longer take place. Concrete proposals could be made for this, which we imagine, for example, by allowing the IG to acquire 50% of the capital of the French dye industry from the Reich.
In order to carry out such a transaction, it would be necessary for the Kuhlmann establishment, which operates large plants in the inorganic and nitrogen fields in addition to its dyestuff factories, to spin off the dyestuff part and incorporate the companies dependent on it:
Compagnie Fran&#65533;aise des Produits Chimiques et &#65533;latieres Colorantes de St. Clair-du-Rhöne, Paris
Mabboux & Camell, Lyon
Societe des &#65533;latieres Colornntes de Croix-Wasquehal (Burel), Roubaix
Prolor, St. Die
and furthermore
Etablissements Steinf'r, Vnnon
include. (The Societe des Produits Chimiques et &#65533;latieres Colorantes de MulhousP, Paris, and the Societi: Anonyme pour !'Industrie Chimique, Mulhouse-Dornach, have hicr been omitted on the assumption that these companies, together with Alsace and Lorraine, fall within the territory of the Reich).
The new Comp. Nationale would have been established with the Soc. An. des Matieres Colo
rantes & Produits Chimiqucs de St. Denis entwcdPr or to enter into a close inter-esting partnership. In one or the other case, the Board of Directors of one or both companies - jointly German/French - would be set up in such a way that an equal number of representatives from both sides are delegated to it.

In addition, standing arrangements would have to be made within the framework of the economic provisions of the peace treaty:

a) gn The Franco-German dye company or companies are granted the sole right to build new plants for the production of dyes (including paint dyes) and their intermediates in France, to incorporate new products into existing plants or to expand the latter; moreover, the French government has imposed a ban on the construction of dyes and their intermediates in France.
products.
b) The production of the Franco-German company is basically only intended for the French domestic and colonial market.
c) For imports to France, its colonies and protectorates, Germany receives preferential treatment in that those products which are not manufactured by the Franco-German company are in principle only to be sourced from Germany, a n d at acceptable tariffs. The most recently imposed minimum customs duties for dyes appear appropriate as long as the exchange rate of the frc. RM 0.06 is not exceeded.

For the Societe des Produits Chimiques et Matieres de Colorantes I\folhouse, Paris, and the Societe Anonyme pour !'Industrie Chimique, Mulhouse-Dornach, we provided a trustee to the Reich Ministry of Economics in a letter dated July 13, 1940. The final fate of the two companies can only be decided at a later date. As the first-named company is unlikely to have any economic basis after the war, the advisability of continuing to operate the company will be questionable.

Dyeing auxiliaries and textile auxiliaries

We propose the inclusion of the following provisions:
a) Reduction of prohibitive and excessive tariffs and introduction of preferential tariffs for German imports.
b) Handling of a French quota and license system for the benefit of Germany, with the aim of ensuring that French import requirements are only covered from Germany.

2. Chemicals

We have summarized our individual wishes for the chemicals sector in a table due to the large number of products to be considered. In general, we would like to say the following in advance:
The introduction of *preferential tariffs* in favor of Germany is not only intended to make up for the damage to the German chemical industry caused by the Treaty of Versailles and the trade policy based on it, but is also necessary in relation to non-European countries that could disrupt the market order to be established with France through currency devaluation and other measures. Consequently, it must be emphasized that the standard rates of duty applied to third countries can only be reduced with German consent.

In general, *preferential* import *quotas* will already result from the syndicate agreements (see below). One reason for demanding preferential quotas for products important to the defense industry is that the insight which our sales organizations gain in this way into the domestic market in question makes it possible to recognize disguised armaments.

A *permit requirement for the construction of new plants and the expansion of existing plants* is essential for products that are important for the defense industry. We assume that the licensing requirement for these products will be supplemented by production control.

Such an authorization requirement is also necessary for products that are not important for the defence industry in order to avoid the misallocation of labour, raw materials and capital wherever there is or is likely to be overcapacity in Europe. In these cases, the authorization requirement could be lifted once a certain average level of employment has been reached.

Nor should technical progress be hindered by a rigid application of licensing law. We envisage this precaution in such a way that, in the event of significant technical progress, a permit should generally not be refused if the production of the new installation

a) **serves to satisfy additional sales,**
b) **can be accommodated by simultaneously decommissioning or curtailing existing plants,**

in both cases does not directly or indirectly interfere with German producers and any agreements with producers in third countries.

The cooperation between the two companies, which is essential to ensure a planned economy

The best way to unite the German and French industries is to form *long-term intergovernmental syndicates*, usually based on existing conventions, which would have to be preceded by a corresponding merger of the French industry. In contrast to the previous forms of Franco-German chemical associations, however, these syndicates must be under uniform, tight management that reflects the greater importance of the German chemical industry in German industry.

and has its registered office in Germany.

The export of French chemicals would therefore go exclusively through these syndicates, unless the product in question was intended for certain territories or otherwise

French industry is allowed to export to a precisely limited extent.

To the extent that French industry is restricted to its domestic market, the syndicate may require it to share in the export losses.

Product	A Wishes for preferred tariffs of Greater Germany country to France	B Wishes for the Fraukreirh towards d1-ite countries duties set	C German contingents and import license wishes against	D Wishes for the French market and the Export concern	E Wishes for a Duty of authorization Frenchfor new construction a. E1-extension of plants
Caustic potash	Previous duty of frs. 96,- per 100 kg to be reduced gross to approx. RM 2.75 per kg net for 90%- iges Ätzkali/RM 1,50 characters for 50% Kalilau!!!	Import duty for Germany and France caustic potash RM 9.00 per lOO kg net	Germany aims to import	France waived to export, works only for its domestic notes	Yes, easing of according to the Increase of the French domestic demand 100 in accordance with German
Potash	Duty free for import Thann p1-0 lOO kg for France, otherwise Preferential duty for Germany RM 2,- per 100 kg net	as above RM 7,- Thann France quota waived net	Duty free import to the extent of its previous share of to cover the French of the net demand, Elpro) For all German manufacturers steep import right, otherwise only for special varieties that the French industry does not can deliver, and auxiliary delivery	see C on export. Syndicate in cooperation with German offices (for the time	as above
Chlorinated lime/ chlorine liquid import	Preferential duty 5% by value	Retention of up to duties against over third parties	Import quota right for Thann within the of its former share t h e French market	France produces only for the French Domestic market, market regulation by Syndicate	Construction of new plants only in the understanding with responsible German Jobs
Sulphuric acid Oleum	Preferential duty 5% of value			Export ban for France	
1) Chlorine containing ammonia - zlnkprod.	preferential duty 5% by value	Protective duty 15% of value	Import right for German country 20% of franc. market	1) Export ban for France	

• This information is subject to the approval of the other German syndicate members. Products for which this restriction applies are marked with one - known.

Product	A Wish rtlr preferred tariffs from Greater Germany country to France	B Wtlmche for the France vs. third Lindern fesf-duties set	C German Kont.lngents- and F.lnfuhrllzenzwün- see against silver Frank **rich**	D Wishes that (rBDZÖllischer Markt and the French Auafuhr **concern**	E Wtlmche i;iach a Authorization requirement rtlr New construction and Extension of Attachments
2) Chlorzinc				2) Participation in the Export In syndicate Mcbatena in the **amount d-effective** Pre-creeper set	
Sulphur sodium **conc.**	Priferenzzoll 5% of value	S<'.butzzoll 25% of value	as above	as above under 2) criat.	
Salzailure	Duty-free import account for lotbringische and elaisaisc producers de-according to their bieheri sales		see under A	no export to gent Germany	
Sodium sulphate sodium bisulphate Chlorbarium Antichlorine	Preferential duty 5% of value	Protective duty 250/o of the value	Import rights for German country 20% of the French Deer market	Participation in the Export in syndicate at most according to the effective pre-war paragraph	
t) Barium carbonate	Preferential duty 5% of Value	protective duty 250/o of Value	import right for Germany	export prohibition	
2) Fluorine content			t) 300/o v. franc. market		
Products and EluOellure authorization			2) 250/o v. franc. market		2) Construction ban
Potassium chlorate Sodium chlorate perchlorate products) Phosphorus	Preferential duty 50/o of value	protective duty 25% of value	delivery right after France (At the level of dependent, '\\"oak Factories on Itallen	syndicate formation under German leadership at Restriction of the French on the	subject to (webrwirtacheftlich important

1924-1929

Potassium potassium anganate	Preferential rate 5% of value	Schutaoll 25% of the value	Supply right for G e r m a n y 10% of the market	Syndication in the event of export ban from France	
	Duty 5% of the value	Protective duty 250/o		as above	
Perebloron	Preferential duty 50/o of the value	of the value	Import rights for Germany Import		
Biehromate		Protective duty 26% of value	rights to France In an amount to be agreed, at least 400/o	French only work for the domestic market	Extension and construction permit. To check which plants in France still exist at present and to what extent they are sufficient
	Preferential duty 50/o of the value	Protective duty 250/o	Import rights for	as above	Prohibition of
Chromalaun	Preferential duty 50/o	of the value	Germany only Import	Domestic factories cover	expansion
Chromosal	of the value	Protective duty 250/o of the value	rights for Germany only 500/o from the market	50% of the domestic market. No export	None -Extension
	Removal of customs duties			Syndicate only becomes necessary when the circle of manufacturers expands.	
Synthetic tanning agents		Protective duty 500/o of the value		Compulsory admixture of synthetic tanning agents	Approval procedure for the construction of new plants
Oxalic acid	no more than RM 6.50 per kg (approx. as before the war due to price collapse)	Import duty RM 16.50 per kg (approx. as at the introduction of customs duty)	German import quota to France 1/3 from the French Consumption	France only produces for the French market. Exports to the French colonies only i n proportion to its exports in 1937-1939. Additional sales must be reserved for German exports11 until total exports reach 6,000 tons per year. Sales to areas of non-European France by sales office for oxaic acid and amelsenaiure	Authorization requirement for restoration due to war, for example destroyed plants due to severe overcapacity, as well as plant expansion (German exports at least 6000 tons per year)

Product	A Wishes for preferential tariffs from Greater Germany to France	B Wishes for the tariffs imposed by France on third countries	C German quota and import license requests vis-à-vis France	D Requests relating to the French market and the French watch	E Requests for a permit for new construction and expansion of facilities
• Formic acid	as above	RM 16,- per kg – otherwise as above	as above – 1/3 of French consumption	as above, but German exports must reach 8000 Jato	as above, but 8000 Jato
Organic intermediates	Preferential duty 5-10% of the value	Protective duty 50% of the be way that	license system must be managed in such a practically only German intermediate products can be imported into France	Export ban	In addition to the development of the paints division, the following essential military products are to be discontinued: Pentaerithritol Dinitrodiphenylamln Chloroacetophenone Guanidine nitrate Picric acid Stabilizers Special products
Vulcanization accelerator	Reduction of subsequent tariff lines to the extent that German imports are not prevented : *Position 0336 quater:* Vulkacit D/Vulkncit 1000 *frs. 345.- per kg* – RM 21,72 Vulkacit M, DM, F, U, and AZ *frs. 385,- per* kg – RM 23,68 Vulkacit P,P ex.tra N and 774 *frs. 1060 .- per kg* – RM 65,20 Vulkacit Thiuran/Vulkacit J *frs. 1650.- per* kg – RM 104.48 Vulkacit CA, CT, PP, TR, 576 and !i7G extra	Import duty of 100% on the sales value of individual products	import right for Deu1schlalld	French production may only work for the French market. Export ban. Regulation of further development by syndicate agreement	Construction of the plant only in agreement with the relevant divisional authorities

21.30% <'Otn Werl
Position 0381:

Alteruugsschulzmiltel

RR 10, NB, Aldol, DNP, 4010

25% <'<>m value

Solbrol	**Reduction to 50/o of value compared to previously 250/o**			**Export ban for France**	
Microbin	**compared to previously 25%**				
Preventol	**compared to previously 200/o**				
Basilite	**compared to previously 20%**				
Benzoic acid	**compared to previously 25%**	**500/o compared to previously 25%**	**Import right filr**	**No export**	**Authorization for**
requirement for benzoic acid construction and baking soda			**of 300/o of the French requirements**	**Germany in the amount of**	**Expansion of**
Iron oxide colors	**compared to previously 20%**	**50%**	**German participation at the French Domestic demand 300/o minimum 1000 t**	**would be appropriate in French In&#65533;resse the formation of a Association of the ochre manufacturer. French ochre exports 500/o of 1938 exports. Export ban to Germany**	
Kaurit glue incl. hardener	**gcuübe1- 500/o to date**		**German participation 1/3 of total sales**	**Export ban for France**	
Mambranite	**compared to previously 15%**	**500/o**			
Cohesan	**compared to previously 200/o**				
Cosavult	**compared to previously 27%**				
Titanium white	**Preferential duty 50/o of value the**	**Protective duty 250/o of value**	**The German import to France must be remain**	**See E**	**Establishment ban, as the market through German production can be saturated Butyl**
products authorization	**10% of the value**	**500/o of the value**	**450/0 of the French market for which hardly any exports are made.**	**France was previously**	**subject to for egg sealing and**
			German suppliers previous the factory Alsecienne de Levure et Alcools, Strasbourg	**In future export activity according to supply of the German Syndicates**	**Expansion of the Supply share of**
Glycol glysantin glycol	**Preferential duty 50/o of value**	**Safeguard duty 250/o of value**	**Unlimited import right for Germany on the French market**	**Inclusion in a tariff quota forming German european cartel with Based in Germany.**	**France is to apply to Hcratellization of be restricted. Approval passport**

Product	A Wishes for preferential tariffs from Greater Germany to France	B Wiimche für die von Frankreichgegenllber dritte Lindem fixed duties	C Denuche KontInpnU- und Einfubdlzenz. wilnscbe gegenllber France	D Wilmcbe, who is the franzilllacben market and eile franzlialacbe and exportconcern	E WOmche after a authorization rights fGr new construction expansion of Attachments
				Export ban for	fGr construction and FranceExpansion of facilities, as an important product for the defense industry
Ethylene chloride } ethylene oxide	Prefer117.inch 5% of value	Protective duty 25% of the value as above		as aboveApproval required	for construction and extension
Thermoplastic plastics and new products	Priferenzzol\ 5% of value condensation	Protective duty 30-50 from the value	Unlimited import law for Germany	Limitation to the domestic market	obligation to obtain approval for construction and Extension of Systems for sirutllche Plastics
Magnesium in any form Magnesium alloys	Priiference1.0ll 5% of the } value	Protective tariff from at least 25%	France only works for the French market. Import rights for Germany, the amount of which will depend on whether the French magneslume plants in Seville I\n Italy fall or not	Export ban on license Magnesium In every Form up to filr semi-finished product incl. syndicate formationfor yet beenEuropean Chiefs of	Obligation to obtain a for new plants and expansion as well as commissioning of plants that have not not yet worked defense have for economic reasons
Beryllium chloride of beryllium alloys the Cerm mixture	Prilerence duty 5% } value Preferential duty 5% of value	protective duty of at least 25% as above Protective duty 500/o from Value to	German import law France over 25% of French demand. We are prepared to concede to the French as an export the share of imports actually achieved	Export ban Syndicate with quantity and price billing, but separate sale, as Establishment	yes French companies, which up to now only Mlschme- tall, Cerz0nd brands are not allowed to manufacture. ban, as clear production can fully satisfy the global market at any time.

econo mic wheel

11

V ery currency-intensive

Product

Ferroollram Ferromolybdenum Ferrovanadium	Preferential duty 2%	Protective duty 20%	Production only for French demand. Delivery right only for Germany after the formation of a cartel with France in still to be determining extent, depending on how much of the current frllllll7.llsic industry comes to Itallen	No export. Raw material purchasing syndicate for French market.	Prohibition of erection
Woolram metal Molybdenum metal Vanadium metal and their acids	Preferential duty 2%	Protective duty 20%		as above	Prohibition of refund
Base metal	Preferential duty 2%	Protection 15%	Right of participation for Germany in French imports Amount to be determined (depending on clarification of the Robatolt issue)		approval poOicht
Gemstones	Preferential duty 2% authorization contract	protective duty 20%, possibly Derogation for Switzerland	Germany	Right of delivery for own needs. Export by compulsory cartel under German management	Production only for
Waterproof sandpaper Dry sandpaper	Preferential duty 5% Preferential duty 2%	Protective duty 25%	Import right for Germany up to 250/o ofrequirements	production only for the own requirements. None Export, recommendation:syndicate for the internal market	

3. Pharmaceutical products, dental products, pesticides and vet. med. products "BAYER". Sera and vaccines BEHRINGWERXE

gu In view of the considerable damage to the IG's pharmaceutical business described under 1/3 and also in view of the fact that the German pharmaceutical industry, and "Bayer" in particular, have achieved their scientific and economic qualifications through the post-war development, we consider the realization of the following demands not only justified, but also necessary to achieve a planned reconstruction in Europe.

A. The return of all confiscated trademarks in the pharmaceutical field should be demanded. All trademarks that were confiscated during the World War and treated as free signs after the war due to the lack of a possibility of securing them in court and were therefore lost to us must be returned to their owners and registered and secured as trademarks with retroactive effect.

B. The French market must be opened up to free competition from companies in the German pharmaceutical industry. In certain important pharmaceutical products, this free competition must be controlled by means of convention agreements. The realization of this wish appears to be sufficiently assured by the wishes expressed under II. On the part of the pharmaceutical industry, the following should be noted in detail:

to I 1)

The maximum customs duty for pharmaceutical specialties is 10 to 15% of the exemption limit.

Re III A c)

When calculating income from sales, we consider a percentage of 5% of sales to be appropriate for the pharmaceutical business.

C. In addition, various existing administrative regulations for the pharmaceutical business in France must be eliminated or amended with regard to their inhibiting effect:

a) Equal treatment of German and domestic pharmaceutical products in tenders and other contract awards by French authorities and public institutions must be ensured.

b) The provisions enacted to protect the domestic serum industry must be dropped so that the unhindered import of German sera and vaccines is guaranteed.

c) It must be prevented that the inherently chauvinistic attitude, especially among doctors and pharmacists in France, is encouraged by official bodies to the detriment of the German pharmaceutical industry by recommending, promoting or even prescribing the use of domestic remedies. Care must be taken to ensure that such practices are not introduced on the basis of administrative protectionism. Conditions such as those that exist in the French veterinary association must be eliminated, or at least the German companies must be admitted as equal suppliers. will be left.

d) In the field of plant pest control, the provision of the application area, which no longer reflects the current state of scientific knowledge, is no longer applicable.

The ban on mercury seed dressings should be lifted so that modern pest control and seed dressing can be used as widely as possible, particularly in the interests of French agriculture.

D. In the interest of the necessity mentioned in the general section of organically and purposefully orienting the entire pharmaceutical industry in the European region towards future tasks under the leadership of the German pharmaceutical industry, it is necessary to give the French pharmaceutical industry its rightful place.

The French pharmaceutical industry was to focus primarily on the domestic market. Exports should only take place under simultaneous price agreements and market-regulating agreements with German companies in the pharmaceutical industry. This applies in particular to the most important pharmaceutical chemicals, where they form part of the overall agreements for the entire \Veit. The German pharmaceutical industry reserves the right t o s u b m i t separate proposals in this context.

To secure such cooperation on the export markets, either financial participation or affiliation with German export organizations abroad should be considered.

This planned cooperation also makes it necessary to identify and examine the international links of the French pharmaceutical industry in order to adapt them to the new circumstances if necessary and in this way prevent German ideas from reaching non-continental companies.

In particular, reference is made to the danger of chemists currently working in France emigrating to third countries in the future and, using the French and possibly German manufacturing processes they have learned, setting up local national industries there, which in turn have a detrimental effect on German exports.

As part of the agreements, it would also have to be stipulated that the agreements between us and the French companies

Societe Parisienne d'Expansion Chimique (Specia), Paris,
Les Laboratoires Frani;ais de Chimio-Therapy (Chimio), Paris,
Societe des Usines Chimiques Rhöne-Poulenc,
Paris

The license agreements on important pharmaceutical specialties concluded under the1 pressure of the political and economic conditions at the time would expire. To the extent that the French companies have an actual benefit in the individual products, new license agreements could be concluded on a sound basis, granting the French partners the advantages that they are entitled to on the basis of their actual share in the discovery of the preparation.

With regard to the serum business, economic agreements are to be reached on the sale of French serums and vaccines, in particular those of the Institut Pasteur, in a similar way to the pharmaceutical industry in that the French domestic market is to be opened up to free competition, while for exports the French serum manufacturers are to be required, as proposed for the pharmaceutical sector, to reach agreement with the German industry on price issues and market regulations. This is intended t o take account of the fact that the de-

The discovery of antitoxic blood immunity and the justification of serum therapy based on it is a German creation.
A special regulation is also required for the dental business in France, which
-is characterized by particularly complex international interdependencies. The supply of dental products to the French market is largely carried out by
-The company de Trey (USA, England, Switzerland), which has secured its market position through financial participation in the most important French dental depots. In the interest of
-The German dental products industry should strive to ensure that German dental products are also available on the French market, possibly through appropriate agreements with the leading company de Trey. In this respect, it would be necessary to demand that the orders that have so far come mainly from England and the USA be
trains will be shifted to Germany in the future.
In the carpule field, the company Rhöne-Poulenc should be urged to come to an agreement with us, as their scurocaine cylinder ampoule is an imitation of our legally protected carpule.
Finally, such a reorganization of relations would have to be supplemented on the French side by a ban on the establishment of pharmaceutical companies; in addition, a number of small and very small laboratories, most of which are only of local importance, would have to be closed.

4. Photographs

It would be desirable for the future organization and reconstruction of the export of German photographic products to France if the further expansion of the French photographic industry, insofar as it extends to products that could be covered by German capacities, were prevented.
In order to ensure the continued existence of the French photographic industry, a tariff protection of 50/o for photographic products, including raw motion picture film, from the French industry is considered sufficient. This tariff should be granted to Germany as a preferential tariff, while for the photographic industry of other foreign countries (i.e. American and British photographic products) a tariff of 25% should be provided for imports into France. We consider quotas to be superfluous under these circumstances. They should therefore be abolished.
In order to be able to participate in the supply of the French colonies, it would be expedient to treat German photographic products on an equal footing with French products.
The French photographic industry was to limit its sales to France and the French colonies. Exports to third countries should only be undertaken after coordination with the needs of German exports.

5. Fragrances

For the future organization of the export of synthetic fragrances to France, it will be necessary to remove the existing import barriers, in particular to reduce the customs duty from 20 plus 5% to 10% including all ancillary charges. This should

It should be borne in mind that the duty applies not only to synthetic fragrance oils but also to fragrance oil compositions, whereby compositions are to be understood as mixtures of oils, resins and synthetic fragrances.

6. Synthetic staple fibers

The wishes for the future structure and development of German exports to France with regard to *rayon* (Vistra, Cuprama, Lanusa, Aceta fiber) are submitted to the Reich Ministry of Economics by the Chemical Production of Fibers specialist group and the Economic$_{gr}$ uppe Chemie for the entire German rayon industry.
With regard to artificial *silk,* it would be desirable if, in order to avoid further damage caused to the German artificial silk industry by the sales policy of the French competition on the various foreign markets, a regulation similar to that which exists for German manufacturers within the Association of German Artificial Silk Producers were to be introduced. In detail, the \requirements for the entire German artificial silk industry are specified by the Association of German Artificial Silk Producers via the Chemical Industry Group.

7. Nitrogen and nitrogen products

It is not possible to provide suggestions for the future shaping of relations between Germany and France in the *field of nitrogen* without significant limitations in the course of this paper. On the one hand, French production, as was already the case under the European Nitrogen Convention (CIA) before the present war, is only
law cannot be separated from European nitrogen production as a whole in the future and should therefore be considered separately. Rather, the organization of Franco-German relations in the field of nitrogen must be integrated into the structure that is to be established in the future.
will take hold in the$_{gr}$ oßde11tschen Wirtschaftsraum after the final conclusion of this war.
On the other hand, determining this structure is not the task of the IG alone, but of the Nitrogen Syndicate, in which the interests of all German nitrogen producers are safeguarded. Accordingly, detailed proposals for the future organization of relations between the European nitrogen industries should be left to the Nitrogen Syndicate. At this point, therefore, only a rough outline of the significant problems involved is given.
In order to organize the nitrogen economy within the European economic area and define its relationship to the rest of the world, three main problems need to be solved and reconciled:

1. The development of agriculture in Europe and its relationship with the world's$_{gr}$ arm markets ;
2. the organization of the European nitrogen markets, taking into account the trade policy of importing Chilean nitrate and the regulation of nitrogen exports from the European Economic Area to the world's nitrogen markets, and
3. the control of nitrogen industrialization within the boundaries of the Greater German economy.
   and influencing the development of the world's other nitrogen capacities.

These problems are closely interlinked in many respects, so that they must all be considered in their interaction with each other in the course of a reorganization of the nitrogen economy.

From these broad points of view, the nitrogen situation in France, taking into account the fact that until the outbreak of the war France's nitrogen production was not sufficient to meet the country's own needs and considerable quantities had to be imported (sulphuric ammonia, sodium nitrate, etc. for fertilizer purposes as well as ammonia and urea for technical purposes), requires the following:

The French industry should continue to participate in exports in the future.

This demand is based first of all on the previous situation described above; then it is pointed out that the total consumption of nitrogen fertilizers in France in 1938/39 was around 180000 t N. This figure compares with a consumption of 745,000 t N in Germany (including Ostmark) during the same period. If one compares this figure with a consumption during the same period in Germany (including Ostmark) of 745,000 t N, it becomes clear that a strong increase in the consumption of nitrogenous fertilizers in the country itself is possible. The average nitrogen input in France was around 5 kg of pure nitrogen per hectare of agricultural land, compared with 32.6 kg in Belgium and 21.4 kg in Germany, for example.

Next, it must be pointed out that France has not been able to fully utilize the research

The company had appropriated the IG's elaborated processes and was able to significantly accelerate the expansion of its own synthetic nitrogen industry through \Interference on the occasion of the occupation of Oppau.

In December 1931, the Nitrogen Syndicate concluded a contract with the Comptoir Franc;ais de l'Azote, Paris, granting the Nitrogen Syndicate preference for covering France's additional demand for sodium nitrate. This contract was confirmed by an exchange of notes between the two governments. Every year, an agreement was reached on the :\!quantities to be supplied by Germany, whereby delivery requests from other producers (Norway, Chile, USA) were taken into account within the framework of the cartel agreements. The contract has not been terminated.

For the future, it is desirable that Germany – in a similar way to that proposed for other markets – should receive a *preference* for the entire subsidy requirement for all types of nitrogen. I\In particular, this measure is intended to exclude or control North American imports and imports of Chile saltpetre. Chile saltpetre can be replaced by other synthetic nitrogen products, as has been done in Germany.

In order to secure German exports to France, both the German

\Vare as well as for foreign \Vare – if it is exported through the intermediary of Germany - to clarify or eliminate the following existing export barriers to France:

License system

Chaisse de Perequation

Levy of 4-5 Pfg. kg N (for the benefit of the French nitrogen industry and agriculture)

Prohibitive duty on technical nitrogen products.

In line with political developments, it is likely that the arms industry in the countries that have been or are still at war with Germany will be subject to emer control. Attention should be drawn to the fact that from military

For economic reasons, such control in the field of technical nitrogen should ideally begin with the raw materials, e.g. nitric acid and ammonium nitrate. Among other things, this control would be a task for a new "central office" to be created at the Nitrogen Syndicate, Berlin, according to the plans of the Nitrogen Syndicate, which would cover all nitrogenous fertilizers - including calcium cyanamide, which had not been taken into account by the former cartel - and nitrogenous products for technical purposes in a convention.

Finally, it seems important in this context to point out that French capital is interested in the Norwegian-domiciled Norslc Hydro Al.:tiengesellschaft, with which IG maintains close technical and commercial relations. However, this ownership is highly dispersed and is largely represented by French banks in terms of voting rights. Individual shareholders are the IG and its Swiss friends, IG Chemie in Basel.

8. Import

On the question of imports, it should be mentioned that the IG from France, or its colonies and mandated territories, has in recent years spent a n average of
approx. HM 1,100,000.00
in particular chrome ore,
phosphate,
bauxite,
fragrances,
antimony, etc.
The IG is of course very interested in ensuring that imports of these products remain secure in the future. However, we refrain from formulating concrete proposals or requests at this point, as imports of these products are relatively small for the IG compared to the import requirements of the Reich and we also assume that the regulation of imports from France to be made by the responsible Reich authorities will also take into account the wishes of the IG.

We reserve the right to supplement the suggestions and proposals contained in this summary as necessary and to address in detail any further problems that may arise in the course of the negotiations.

3) Memo from Iost Terhaar,
kitendem II!Jitarbeiter der Wirtschaftspolitischen Abteilung des /G-Farben-Konzerns,
vom 7.August 1940

As a result of a consultation between Mr. von Sclmitzler and Mr. Frank-Fahle, the undersigned has now been instructed, in accordance with Mr. von Schnitzler's request, to review the documents available to date on peace planning, namely

1. the letter
2. the general part
3. the France material

to the designated official bodies.

The transfer to MD Schlotterer took place in the course of a two-hour discussion on the underlying problems and - as far as was possible due to the comprehensive material – also on fundamental and important individual questions of the IG material.

The fundamental reaction of MD Schlotterer to the material presented to him by us was quite positive, both in terms of the methodological approach and the fundamental view and assessment of the individual questions made by the IG.

With this favourable reaction, the procedure planned by K. A. for the country-by-country presentation of the order chosen in this record is therefore covered, as is the internal organization of our material, i.e. the structure of our material as envisaged in the letter to MD Schlotterer.

It is important to emphasize that MD Schlotterer considered necessary not only the appropriate, clear internal formulation of our specific wishes, but also the fundamental and broader presentation of the general part, the historical development and the formulation of the general wishes that we envisaged. Likewise, MD Schlot terer considered it right to structure the general part as it is structured a n d fully agreed with the reasoning underlying this general part (leadership of German chemistry in 1914 ; subsequent relativization by Versailles ; necessity of re-establishing this leadership within the framework of the new order).

The debate on the individual points was essentially concentrated on the discussion of the colors section, which, as is well known, contains the most serious wish of the IG. MD Schlotterer was of the opinion that the wording we had chosen was by no means an excessive petition, but in his view would probably fit organically into the development of peace planning. With regard to the wish of the French for an early discussion with the German side, which was discussed in this connection

In the case of the French dyestuffs industry, he pointed out the advisability of working on these matters in close consultation with Ges. Hemmen, but to consult with Dr. Ungewitter in principle before these negotiations with the French, so that the participation we consider to be economically expedient does not contradict the general economic aspects to be entrusted to Dr. Ungewitter. Should coordination with Dr. Ungewitter give rise to difficulties, MD Schlotterer is prepared to discuss such divergences with us again in detail.

With regard to the negotiations with the French in Wiesbaden, which were approved in principle in this way, MD Schlotterer emphasized the necessity of only starting the negotiations materially o n c e i t has been sufficiently clarified in the first negotiation that the French are not coming to negotiate a favourable status quo by anticipating negotiations, but are obviously showing that they are prepared to recognize the primacy of the German dye industry out of genuine necessity.

The Kodak case was discussed as a further example. MD Schlotterer clearly shares our view that it is necessary to remove the Americans from French production by all available means. The decisiveness with which MD Schlotterer puts forward this thesis leaves no doubt that the choice of

of these means by no means needs to be choosy.

The same approval was given to the chemical thesis of the formation of long-term syndicates.

MD Schlotterer described the formal requests made regarding preferential tariffs, quotas, installation bans and authorization requirements as possible means of regulating Franco-German economic relations. He emphasized
In particular, he welcomed the extent to which the IG is involved in the consideration of such questions of trade policy technology.
MD Schlotterer will give us an in-depth look at the document after he has had time to do so.
to read, both to communicate his final opinion[1] and to give hints that may be of interest to you.
The materials that are likely to be used during processing must be recycled.
The discussion with MR Imhof initiated by MD Bergemann resulted in the same basic agreement as with MD Schlotterer.
MR Imhof particularly welcomed the IG's comments on a special type of European or German preference, which he would use to substantiate his
planned European clause. The following is interesting
in detail:
1. It is indeed a matter of course that Germany's superiority in terms of power politics is now finally being used to construct an economic policy superiority over France that is clearly controlled by Germany. MR lmhof is by no means thinking of a
.crippling of France, but rather a healthy re-establishment of the French economy, which, however, would clearly be in the interests of Germany i n any case.
2. He approved of the method planned by the I G in terms of participation, customs duties, quotas, construction bans, authorization requirements, etc.. It was interesting to n o t e i n particular that he considered the mere 50% participation of the IG to be "very honorable"; moreover, he believed that the possibilities of private-sector agreement should be exhausted to the maximum in this sense, but not in a compromise t h a t w o u l d be at Germany's expense.
3. MR lmhof declared himself in agreement with the general wishes of the IG concerning. Subject to closer examination, he agreed with the general wishes of the IG regarding the right of establishment and tax policy and considered the wording we had chosen to be difficult to achieve, but so important in principle that he also wanted to include it in his planning.
Regarding the sequence of further processing, MR lmhof emphasized that it would be expedient t o process Denmark more quickly after Holland and Belgium.
The conversation held with MR Schultze-Schlutius at the request of MD Bergemann produced the same picture without any reservations and with the same agreement. MR Schultze Schlutius merely recommended that the material should also be forwarded to the new France officer, Senior Government Councillor Klesper in the RWM and OFR Jahnke, which has since been done. On the other hand, he did not consider it necessary to forward the material to Mr. Sagert1 (Equity Investment Division) now under any circumstances. We propose to wait for the return of MD Bergemann on this point.
The handover to the economic group could not be made to Dr. Ungewitter, who is on a longer business trip, but was made to the responsible examination office (Mr. Born) after consultation with Mr. Dietrich. We consider this advance arrangement by Mr. Born, who is in fact the person responsible in every way for the entire complex of questions, to be extremely fortunate, since the material handed over satisfied Mr. Born's legitimate interest to such a high degree that
we can assume that we have found in him a reliable advocate of our method vis-à-vis Mr. Ungewitter. This circumstance weighs all the more heavily as.

1 Must be called Saager – D. E.

the method preferred by Mr. Ungewitter is not consistent with our method.
The latter circumstance became apparent to a certain extent when we handed over our material to Mr. Born. The economic group's approach is aimed, according to the
Mr. Born's presentations are based on this:
1. To develop a set of economic policy principles to guide the organization of the European chemicals sector. This anticipation of organizational principles for the chemical industry aims to achieve a kind of passe-partout for the chemical industry in the RWM so that it can independently organize what it deems appropriate within the framework of the principles approved by the RWM.
The basic organizational principle of the economic group is clearly the cartel principle, as we were able to ascertain after inspecting the already prepared draft. The entire European industry is to be organized in such planned cartels of voluntary associations in order to regulate production and sales under German leadership and in accordance with German interests. External relations between these cartels and non-European countries are to be regulated in the form of special syndicates affiliated to the cartels.
2. Mr. Ungewitter intends to propose a formal overall regulation of this kind to MD Schlotterer, to add some practical examples to this proposal – e.g. cartel regulation for tar paints, nitrogen and similar standard products of significance - in order to obtain from Mr. Schlotterer's approval of this approach the authorization to leave it to German industry, in accordance with such a model regulation, how it organizes and distributes its cartels functioning under state supervision.
manages.
3. Mr. Born spontaneously explained that this approach was mainly chosen by the Economic Group in order to avoid over-bureaucratization in the handling of peace problems. He explained that the self-dissolution of the Economic Group's bureaucracy etc. was actually also part of the proposals to be made to MD Schlotterer - but he failed to point out that although the bureaucrats disappear in the Economic Group, they reappear all the more vividly in the management, control and steering of the cartels and syndicates.
In any case, this interesting argumentation of the \"Business Group\", as far as it can be seen so far, does not indicate that Mr. Ungewitter has no inclination to
Mr. Un- gewitter is convinced that we should continue to take a lively interest in shaping the German chemical industry as he sees it. It may well be that Mr. Ungewitter's points of view coincide with our needs. However, since this competition is by no means guaranteed and cannot be guaranteed for the future, it remains necessary to closely follow Mr. Ungewitter's policy of obtaining the above-mentioned passe-partout,
skeptical for the time being and possibly try to gain some influence on the design of this formal general regulation planned by him. However, the latter should only be attempted more vigorously if a discussion with I\ID Schlotterer and MD Bergemann shows that such a general regulation is considered practical and sensible in the RWM.
It is important to emphasize, in order to ascertain the reaction of the Presidency Group, that Mr Born has already asked us to think about the general arrangement, as this would be a good addition to the valuable work we are now doing on France.
submitted. We explained to Mr. Born that we regard France as a model not only for the following country presentations requested by the R,,,1,

but, moreover, as a textbook example for the entire objective consideration necessary for the question of large-scale planning. Mr. Born very much welcomed this synthesis of both views and believes that this cooperation between the programmatic approach of the Economic Group and the empirical approach of the IG is the right synthesis for a successful completion of peace planning.

We then spent almost two hours discussing the entire IG program with Mr Born. In this conversation, Mr. Born explained both the underlying trend of our work and the elaboration of the individual sections.

of our work and the wishes we have formulated.

With regard to the tendency of our petitions, he was merely of the opinion that the petitions we had submitted were probably only minimal demands, which we could certainly formulate even more sharply if we tightened our stance towards France, without jeopardizing private-sector interests on our part. We have agreed to this general formula.

Mr. Born had no additions to make to the individual requests in our memorandum. If, after a careful reading, he has any comments to make, he will inform us immediately.

The following details were also interesting:

1. It seems extremely difficult for Mr. Born to solve the Kodak/Europe problem because, quite against the wishes of the business group, the German Kodak apparently intends to take over the legacy of the European Kodak.

2. It was clear from Mr. Born's remarks that the Reichswerke Hermann Göring are interested in the Belgian Solvay complex, which is all the more remarkable as the German Solvay company is unlikely to be able to solve this problem due to a lack of capital.

3. Mr. Born was of the opinion that the AKU/Holland problem can already be regarded as settled.

4. Mr. Born believes that we should also investigate whether the IG has any kind of interest in Unilever.

5. Mr. Born also explained that in the long term he did not consider the customs issue to be particularly urgent and that the economic group was currently working on a new tariff.

6. Mr. Born believes he knows that the current customs border between the Reich and the Pro tectorate will be abolished on October 1 of this year.

II. Ruhr mining companies and \Economy group iron-producing industry[1]

1) From the minutes pon Erich Tgahrt [2] about the meeting in the "Kkinen Kreis" Pom June 7, 19403

Small circle, Düsseldorf, 7. 6. 40, **afternoon.**

Present gentlemen:
Poensgen
Vögler
Klöckner
Lühsen
Flick
LiiS!'l'
Pliers (temporary)
Winkhaus
Tgahrt

1) Zangen reports: Funk says: Tax issues are considered settled. Funk demands that the economy exercise restraint, e.g. in the question of property in Lorraine, and also in relation to dividends. Increases were not appropriate during the war. . .

4) Occupied territories: The RWM and OKH appointed Steinhrinck General Plenipotentiary for the ore and iron industry in Luxembourg and Belgium.

Holland: question of whether blast furnace plant in ljmuiden should operate or whether ore and pig iron should be transported to Germany. Wigru[4] has spoken out in favor of closure.

Belgium: Falkenhausen, Raeder, Posse. Steinhrinck has appointed commission, Bulle (GHH) and Wesemann and small staff to inspect the works. Mr. Schwede is to be the iron consultant. The small group is of the opinion that the Belgian works should be retained.

1 **With the exception of 1'i r. 1, 2 and 11, the documents are all from cim-m Aktc11- ban<l (Archive of the German Economic Institute, Berlin, Deutsche Bank, no.** 4374, **vol.** 19, **photocopy of the original). The volume entitled "Industrial Interests in the Occupied Territory and Protectorate" contains reports, copies of files etc. from Hoesch AG for Karl Kimmich, a member of the Board of Management of Deutsche Bank, who was Chairman of the Supervisory Board of Hoesch AG. In addition to the documents printed here for the first time**
s. Case 5. prosecution plea, selected documents, judgment of the Flick trial, ed. v. ***Karl-Heinz Thieleh-e,*** **Berlin** 1965 **(hereinafter:** ***Case 5).***

2 **Chairman of the Management Board of Hoesch AG.**

3 **Archive of the German Economic Institute, Berlin, Deutsche Bank, No.** 4374, **Vol. 16, photocopy of the original. - There are further minutes of the same meeting from Ernst Poensgen, who usually convened and chaired the meetings of the "Small Circle" (printed in:** ***Case 5,*** **p.** 215 ff.).

4 **Iron-making industry economic group (Head: Ernst Poensgen).**

Luxembourg: The French have destroyed the gas and electrical headquarters at Belvalhütte and Difierdingen and abducted workers and engineers. Mr. Steinbrinck asked Chaumet (Alois Mayer is in Paris) whether Arhed wanted to work on his own responsibility, which was answered in the affirmative. Management Hadir (Lemaire) initially agreed to investigate the possibility of commissioning and, if necessary, repair, but did not comment on the question of commissioning.

German supervisors: Berve for Arbed, for Difierdingen Meier-Dortmund and Faust Lübeck. Payment of the officials provided by the factories by the factories themselves. First of all, examination of the factories to see whether they can technically be put into operation soon, which is assumed. Before the front is moved forward by at least 10 km, however, commissioning i s out of the question. (This should also apply to the Saar!). It is expected that Luxembourg will soon be declared part of the Reich. Stocks at the Luxembourg factories: shock troops to determine that several hundred tons of rolled products have already been sent to Germany without a plan.

Former ownership and new regulation: It seems to have advanced 1iur Röchling. Vereinigte Stahlwerke have declared that they will do nothing during the war. They have only requested that observers from their staff be placed on their former works. This position is approved. However, all the mills laid claim to their former property for later. Flick made reservations because the procedure in the East had been quite different. Poensgen remarks that Röchling has already found a hair in the Laura smelter, that the Saar no longer attaches any importance to the expansion of Donau eschingen, Krupp explains that the Reich has approached K. so that certain products ("in the eastern air-raid shelter") can be manufactured there. Joint management by the German \Verke is envisaged for free ore mines (not previously owned). The possible acquisition of smelters from French ownership was not discussed.

Distribution of the Minette : First supply Saar – as soon as it is ready – possibly Luxembourg, if in operation, then Rhenish-Westphalian plants according to ore key.

Financing of the ore mines on commissioning: according to the ore key, distribution of the ores as well. All this as a transition . . .

2) Note on the lecture by Jakob Wilhelm Reichert, General Manager of the Iron Manufacturing Industry Group, to the heads of naval armaments on June 14, 19401

Subject: Iron and coal in the new German e l d , the basis for the future German iron industry

File note

Based on a lecture given by Dr. J. W. Reichert, General Manager of the "Iron Manufacturing Industry" economic group, in a smaller circle on June 14, 1940, a brief summary of the lecture is provided below.

1 Federal Archives Koblenz, economic group iron-making industry, R 13 I, No. 1004 .
- The memorandum including the lecture note comes from the High Command of the Navy (M Wa Wi) and is dated June 27, 1940.

The following are also attached as annexes:
1.) Reprint of a memorandum addressed to the Reich and Supreme Army Command in December 1917 by the Association of German Iron and Steel Industrialists and the Association of German Ironworkers: "On the incorporation of the French-Lorraine iron ore basins into the territory of the German Reich",
2.) "The balance of power of the belligerent powers in coal and iron from 1929-1938".

1) Situation in 1938 :
a) Coal
From the data in the "Balance of power of the belligerent powers in coal and iron from 1929-1938" presented for the lecture, the speaker clarified the unequal distribution of coal deposits among the belligerent states and the superiority of Germany's coal industry.
The loss of production in the northern French mines for France caused by Germany's operational successes and the obstruction of English supplies as a result of the occupation of the Channel ports shifted the picture further in Germany's favor.

b) Iron ore
Germany's coal wealth contrasts with i t s pronounced shortage of iron ore, whereas France has extensive ore deposits, including the most important in Europe, the Minette Basin in Lorraine, whose ore content, contrary to earlier German estimates, has recently been put by French experts at 11 billion tons of total deposits, of which at least 7 billion tons of raw ore can be considered worth mining according to current economic considerations.

2) The German iron industry of the future

The (irundlagcu of the iron and steel industry are ore, scrap and coal.
The economic exploitation of the existing raw material deposits and iron and steel works to build up an iron industry that meets the highest demands of the defense industry requires the unification of the mining and iron and steel districts beyond the previous national borders as well as the economic consolidation of mines and ironworks.
The ore supply base must be located within Germany's borders in order to avoid the need to import ore by sea - Sweden - in an emergency.
Even before the Second World War, the economic strategy of the West German companies was not to build their businesses unilaterally on one of the two bases (coal and ore). In this way, several steel companies in the Ruhr and Saar regions operated their own mines and smelters in Lotharingia and Luxembourg.
The future annual production of crude steel in Greater Germany, including the Dutch, Belgian, Luxembourg and Lorraine smelters, can be assumed to be 35 million tons in the event of war, assuming that the annual production of crude steel is maintained at the previous Reich level of around 25 million tons.
In peacetime, with the help of imported foreign ores (Sweden, Africa, Russia), crude steel production can be increased to 40 or more I\I million tons per year.
The organic summary and classification of the mines and smelters in the new \-Vest space required :

a) Expansion of transportation routes by water and land,
b) sensible production and ::\market organization for the entire iron and steel industry in Greater Germany,
c) Ensuring the competitiveness of the industry, particularly on the global market, by means of a far-sighted price and wage policy.

Re a) : The Saar coal is neither qualitatively nor quantitatively sufficient for the smelting of the Lorraine ores. As a result, rail and waterways must be expanded, including the resumption of the old project to canalize the Moselle and Saar.

Regarding b): The production of the various types of steel is to be distributed within Greater Germany, taking into account military and economic requirements, but also the locations of the mines (transportation issue!) and the plant facilities of the various metallurgical districts.

Regarding c): Since the export of ore and scrap is to be stopped in principle and only semi-finished and finished products are to be exported, the production costs play the decisive role in order to be competitive with the US steel block.

The destruction or scrapping of the iron and steelworks in the new western area must be prevented in the interests of < future design. As a result:
to determine the current stocks,
to repair any damage incurred and to prepare and carry out commissioning.

This line of thought is entirely in line with the opinion of the German General Commissioner for the Belgian-Luxembourg iron and steel industry, K. Kapt. a. D. Steinbrinck.

3.) The future supply of England and the rest of France

a) England

In reliance on its naval supremacy, England put economic advantages ahead of military requirements and thus, out of purely commercial considerations, equipped itself only inadequately for the current state of war. There was no stockpiling of ore and scrap for the purpose of creating war reserves; the capacities of the English smelting works were not fully utilized due to a lack of sufficient iron raw materials.

b) France

The crude steel capacity of the rest of France is assumed to be 2½ to 3 million tons per year.

4.) Summary

If, at the time of the Peace of Frankfurt in 1871, the great importance of the continuation of the ore basins emerging in the }losel Valley far beyond the town of Briey had already been recognized, then it can be assumed that the entire ::\linette ore deposits of Lothringen would have been taken over by Germany at that time and thus the French war of revenge would have been made more difficult.

For its part, after the Versailles Dictate, i.e. after regaining the entire Lorraine ore basin, France felt even more compelled than before to secure sufficient coal supplies and sought to unite a large coal base with its ore treasures in the Ruhr War. In this way, France would have secured hegemony over Europe and made it impossible for Germany to rearm.

Germany can now secure peace by uniting the ore and coal basins and prevent France from rearming. \Economically, Germany can

country can strengthen its world position by supplying foreign nations with large quantities of iron as well as coal.
Politically, the European states must therefore come to terms with this reorganization.

3) From the letter by Ernst Poensgen [1] to the members of the "Small Circle" dated June 27, 1940, with the letter from Poensgen enclosed as an appendix to Reich Minister of Economics Walther Funk dated June 24, 1940[2]

Dear Sirs,
I had a conversation with Mr. von Hanneken[3] on the 24th of this month and gave him the agreed letter in the final version enclosed as a copy.
The following points were also discussed:

1) Fiduciary administration in Lorraine
Mr. Steinbrinck had heard from Mr. Terboven that, in addition to Luxembourg and Belgium, Lorraine was also to be transferred to him. Mr. von Hanneken informed him that this wish of Mr. Terboven would not be fulfilled, he had for his part proposed Mr. Hermann Röchling for the administration of the Lorraine mines. In addition, he wanted to propose a general representative for all minette ore mines, i.e. for the Lorraine and Luxembourg minettes together. Mr. Wittke had originally been considered, but it was likely that Mr. Raabe from the Reichswerke would be entrusted with this task, whereby Mr. von Hanneken would oblige Mr. Raabe to work only objectively in the interests of Germany as a whole and not for the Reichswerke; he was to produce ore, but not to make proposals about future distribution plans.

2) Minette heel
Mr. von Hanneken said that the most urgent task at present was to supply the Saar with l\finette so that it could get going again. It is clear from paragraph 2) of our letter that this is also the position of Ruhr werke. Mr. von Hanneken had reservations about point 2) of the letter to the Reich Minister of Economics, in which the Ruhrwerke demanded surplus ore; he thought that the whole of Germany was entitled to this. However, he then agreed to this version.
In the meantime, deliveries of ore from Differdingen stocks to the Saar have already been taken up. Deliveries to Belgium or the Ruhr are out of the question for the time being for transport reasons. The possibility of using the mines in Luxembourg and northern France

1 Chairman of the Management Board of Vereinigte Stahlwerke AG and head of the \"Iron and Steel Industry\" business group.
2 The first version of the letter to Funk was adopted at the meeting of the "Small Circle" on June 7, 1940 (see document no. 1). This version is printed in : *Case 5,* S. 218 f.
3 Undersecretary of State in the Reich Ministry of Economics and Plenipotentiary General for Iron and Steel Management.

is currently being investigated by Mr. Bornitz from Zollhaus-Blumberg. The French have blocked mines here.

3) The future ownership structure of the Lorraine mines

Our letter is intended to dispel the rumors that the Ruhrwerke or some of them had annexation ambitions. Mr. von Hanneken confirms that such opinions existed among the authorities and refers to the Schoen memorandum from 1934, in which the so-called community of interests had already registered claims. It was explained to him that this memorandum had not been drawn up for the purpose of obtaining new annexation claims, but as the conclusion of 15 years of negotiations on the liquidation of the former German-Lorraine mines and smelters. Whether or not this community of interests would later be used as an organ for asserting claims would still be examined.

I emphasized that the old owners had no legal claims to the mines and smelters, but that there were moral claims, as the compensation ranged from 6 to a maximum of 10% of the proven assets, so the German owners had lost 90-95%.

Mr. von Hanneken explained that the position of the General Field Marshal and his Ministers were not to allow any conflicts of interest between the parties involved at present. However, anyone who had previously owned property there should regain it. How this was to take place had not yet been discussed. The position of the field marshal was that anyone who had been badly wronged should be given a share in the property in some form or other. But nothing should be decided during the war. He (von Hanneken) was in possession of a letter from the General Field Marshal, according to which he had to communicate his opinion to the General Field Marshal, who reserved the right to make the final decision.

Now he had to emphasize that the earlier one tackled the problems and prepared them in an absolutely neutral way in order to be able to clarify things for the future, the easier it would be for him to formulate his proposals and present them to the General Field Marshal: He asked me to get him the documents for this, how things stood in 1914, how the property was distributed at that time, how much compensation or indemnity the individual owners received, and what position the economic group took with regard to the appropriate redistribution.

Mr. von Hanneken asked that this should not be based solely on the status of the property in 1918, but that the latest research should also be taken into account. Now one receives the decree

also across the entire French ore region. It should therefore be examined whether it would be possible to round off the holdings so that uniform fields could be created for the purpose of uniform management.

In accordance with Mr. von Hanneken's request, I have commissioned Dr. Reichert to draw up a list in this regard, which I will present to our group once it has been completed.

For his part, Mr. von Hanneken instructed Dr. Kiegel to deal with the same issues. He would perhaps consult other personalities for suggestions, such as Mr. Röchling had made to Gauleiter Bürckel, who had been very loyal, also to the Ruhrwerke. The Hermann-Göring-Werke would probably reflect on the de Wendel property.

4) Ownership structure in Upper Silesia

When I pointed out that, contrary to earlier promises, property had already been distributed in Upper Silesia before peace was concluded without the former main

involved (Vereinigte Stahlwerke and :Mitteldeutsche Stahlwerke) at all, Mr. von Hanneken referred to the Führer's wish to create an alternative plant for Krupp. Moreover, a final transfer had not been made either at Rrupp or at Röchling, the latter of which would certainly be happy today if it could take over its interests in the \Vesten again.

5) Peace treaty wishes (Rdsch. Tgb. No. 9642 R/W of the iron and steel industry economic group dated 26. 6. 404)

The economic groups have been asked by the Reich Group to bring any \wishes to their attention. The question is briefly touched on and reference is made to the former German possessions in Normandy, in French colonial possessions (concession Gehr. Mannesmann Morocco) and others.

6) Baden Dogger ore mining

The gentlemen from the Saar who were interested in the Dogger ore supply were somewhat worried because I was supposed to have stated that the expansion of the plant in Zollhaus-Blumberg was no longer an option. I replied to Mr. von Hanneken that I must have a special friend who was always passing on my alleged statements to him. I knew that he, Mr. von Hanneken, was sticking to the Dogger expansion and that the Ruhr works could be indifferent to this, as they were not interested. The Saar works should know for themselves where their future lay, I did not want to interfere here. . . .

Mr. Steinbrinck will probably be in Düsseldorf for one or two days next week and would like to report to our group on his work to date. I may therefore have to invite you quite suddenly, without being able to arrange the date in advance; if you are unable to attend, please send a representative.

[Attachment]

During a meeting with Mr. General Director Zangen, the question was raised on your part that the German ironworks would not like to raise claims today in order to come into possession of mines and smelters in the Minette district that might fall permanently within the sphere of influence of the German Reich.

I take the liberty of informing you that this matter has been discussed in detail these days in the circle of the following plants, namely Gutehofinungshütte Oberhausen AG,
Oberhausen/Rhld,
Hoesch-Aktiengesellschaft, Dortmund,
Klöckner-Werke AG, Duisburg,
Fried. Krupp AG, Essen,
Mannesmannröhren-\Verke, Düsseldorf,
Vereinigte Stahlwerke AG, Düsseldorf.

I would like to clarify the unanimous opinion of the above-mentioned \Verke on this issue as follows:

1) As long as the war lasts, i.e. until the conclusion of the peace, the above-mentioned works will refrain completely and permanently from asserting any claims for the transfer of ownership or purchase rights to :Minette mines in the Minette district or to smelting works in Luxembourg or Lorraine on the basis of earlier rights, whereby they assume that no claims filed b y any other side will be held against them in the future and will be given preference o v e r their own.

4 The designated circular letter of the economic group see in : *Case 5,* p. 220 ff.

2) If ores (minette) from the war zone or from Luxem burg can still be delivered from stocks or obtained from new mines during the war, this will be recognized.

<lie Werke shall claim the unconditional right of first refusal to these quantities from any plants to be put into operation in the occupied territory or from Saarhütten. Should further Minette be available over and above the requirements of these w o r k s , the above-mentioned works shall claim t h e right to purchase it.

3) The above-mentioned works r e s e r v e t h e r i g h t , after the end of the war, to lodge their claims to the e f f e c t that they have the opportunity to revive their lost subscription rights or to recover, in a manner to be agreed, those mines and smelters which were wholly or partly owned and operated by them before the World War.

In addition to the above-mentioned works, other German companies also had holdings and property in Alsace-Lorraine before the World War ; the above-mentioned works naturally believe that this reservation applies equally to the other German companies.

4) In addition to the former ownership of the above-mentioned works, there are other significant ore deposits in Lorraine. It seems premature to consider the possible operation of these mines today. The \Verke are of the opinion that this question must remain open for the time being. Perhaps it might seem expedient if these ore mines were initially turned into a joint operation of the entire German iron-making industry.

4) File note Pon Fritz Pom Bruck [1] Pom July 7, 1940

Meeting between General Manager Tgahrt and Director Dr. vom Bruck with Dr. Reichert[2] on 4. 7. 40

The following should be noted from the conversation:

1) Mr. Röchling had been officially appointed by Gauleiter Bürckel as special representative for the mines and smelters in Lorraine. The confirmation by General Field Marshal Göring was still pending, but was to be expected.

Mr. Steinbrinck's scope as special representative for the iron and steel industry was not limited to Belgium and Luxembourg, but also included the Longwy district.

2) Gauleiter Bürckel claimed to h a v e sovereignty over the future organization of the mines and smelters, in particular over future ownership negotiations. This view would be in "contradiction to the information from Mr. von Hanneken, according to which Göring would make the decision after hearing v. Hanneken.

3) Mr. Röchling had already presented Mr. Bürckel with a report on the mining and metallurgical industry in Lorraine. The report had not been made available to the Wirtschaftsgmppe, although it had been requested. Mr. Röchling had explained that he had

1 Director of Hoesch AG and head of the Berlin office of the Hoesch Group.

2 Jakob Wilhelm Reichert, Managing Director of the Iron and Steel Industry Group.

report on the express instructions of Bürckel, who had appointed him and to whom he therefore felt solely responsible.

However, he had sent Dr. Reichert an excerpt from his report.

The report would show that

a) *the entire French property was to be completely redeemed; the French were not to be left with a minority shareholding.*
b) *Sufficient mine ownership should be secured for the huts. Rigid adherence to the previous ownership in this respect was not desirable; an appropriate exchange could be made.*
c) *The ores were to be used primarily to meet the needs of the Saar, German and French Lorraine and Luxembourg. Belgium was not mentioned in this context. - The excess amount was to be made available to the Ruhr. According to Dr. Reichert, pig iron production in these regions will amount to 10-12 million tons, which means that at least 36 million tons of ore will be needed. This corresponds approximately to the production of the last few years.*

   Mr. Tgahrt replied that after that there would not be much left for the Ruhr. Dr. Rei chert doubted this; he pointed out that an output of 53 million tons had already been achieved in one year and that this figure could at least be maintained for the future without difficulty.
d) *In response to our question as to whether it was already being considered to send a commission of all interested parties to Lorraine to inspect the condition of the plants and mines, Mr. Reichert replied that such an inspection had already taken place at the instigation of Röchling.*

4) The result was a lengthy discussion on the question of ownership claims. On the basis of the excerpt of Röchling's report presented to him, Mr. Reichert stated that with regard to the works in German Lorraine, the claims of the former owners had largely been settled. For those \Verke who had not previously owned any smelters, however, the numerous works in French Lorraine would come into question. In Dr. Reichert's opinion, every legitimate interested party should be able to take advantage of this without difficulty.

In contrast to earlier statements by Mr. Reichert and other gentlemen of the \Virtschaftsgruppe, he now seems to have moved away somewhat from the position of placing the former ownership structure in the foreground in the future distribution of ownership. - Mr. Reichert replied to my comment that the combination of previous ownership structures with the assertion of new ownership claims had not been very happy and had caused a lot of dust everywhere, especially in this presentation,

<he would like to know who had circulated this version. (As far as I know, however, the economic group must have been involved in the creation of the community of interests as well as the organization intended for future negotiations).

Dr. Reichert emphasized that, in his opinion, all works had a claim and that, in view of the abundance of objects, this claim could certainly be resolved in a satisfactory manner. In any case, he would focus his efforts on this basis and in this direction.

The fact that the Reich Ministry of Economics was not thinking of allowing only former owners to take part was evident from a comment by Ministerialrat Schmitt regarding a claim made by I\lannesmann, who had stated that this claim must also be taken into account.

5) Mr. Tgahrt once again clearly stated our position on the ownership issue. He formally raised our claim to the possibility of acquiring a good and large iron and steel works, including mines.

In support of this claim, he stated the following :

a) It was inappropriate to combine previous ownership structures with new ownership claims because this could give the public the impression that heavy industry wanted to gain special advantages from the new political situation. This impression must be avoided at all costs.

b) It was not the former owners who had reconquered the territories, but the entire German people through their army. It was therefore absurd and inadvisable to make claims on the basis of former ownership. Rather, one could only approach the state with the request to give all interested parties with an objective claim to the necessary redistribution an equal opportunity, irrespective of the former owners' claim to priority. All legitimate interested parties must have an equal start; this is the only possible logical consequence of the political situation.

c) However, the priority claim of the former owners should not lead to an obvious economic disadvantage for the former non-participants due to different pricing. In particular, it had to be taken into account that the former owners had been compensated partly directly, partly indirectly, in various forms, and that, in addition, any remaining losses were covered by depreciation. In addition, in some cases the legal succession was at least doubtful.

d) If we were to miss out, we would be in grave danger of being left behind in our competitiveness could be seriously jeopardized, as the smelters in Lorraine, which operate on the good raw material basis, could possibly pursue a completely different pricing policy.

e) Compared to the other plants that were not previously involved, such as Mannesmann, Krupp, GHH and Flick, Hoesch was still disadvantaged by special personnel conditions.

6) Mr. Tgahrt asked Dr. Reichert if he could advise him on the choice of a work.

Mr. Reichert did not give a clear answer to this and referred to Belgian works in this context; he mentioned Ougree-Marihaye and Providence in particular.

Mr. Tgahrt pointed out that the good earnings situation of the Belgian plants was essentially based on the favorable wage conditions; these were doubtful for the future, as the wage conditions would certainly undergo a fundamental change.

Mr. Reichert was unable to answer the question of whether the French capital available to the Belgian companies would also be replaced by German capital. This question had not yet been discussed. Personally, he could imagine a solution similar to the way France had dealt with the Saar at the time,

i.e. that Germany secured 60% of the capital in the relevant Belgian plants, at least insofar as French ownership was present.

7) Mr. Reichert was also unable to give us any concrete information about "Arbed". However, he considers it possible that Arbed will be broken up into individual parts.

8) Röchling seems to be planning to do the same with de Wendel.

9) Dr. Reichert was also unable to tell us anything about Hadir.

10) Dr. Reichert assured the audience that Vereinigte Stahlwerke had no claim to Hagendingen. Hagendingen had formerly belonged to Thyssen, and the Thyssen property had been transferred to the Reich.

Dr. Reichert reaffirmed that he regarded himself as a trustee for the entire iron and steel industry and would work towards a fair solution to the issues. Mr. Tgahrt asked Dr. Reichert to inform Mr. Poensgen of the course of the conversation and, in particular, to inform him that we are laying claim to a suitable ironworks with a mine. - Mr. Tgahrt will also contact Mr. Poensgen personally.
Dr. Reichert considers it advisable not to raise the question of ownership during the planned visit to Mr. von Hanneken, unless the General comes to the matter of his own accord. - Mr. Tgahrt agrees with this view.

5) Supplement from Erich Tgahrt dated July 8, 1940 to the memo from Fritz vom Bruck dated 7 July 19401

Preliminary remark: On July 5, together with Mr. vom Bruck, I met with Herbert Göring2 , Ministerial Director Gramsch3 and Professor Paschke. The following should be noted from the conversation with these gentlemen:
Re 1) According to Herbert Göring, the order to Mr. Röchling was placed exclusively by Mr. Bürckel. He has the task of determining the condition of the smelters and the possibilities of putting them into operation. Mr. Wittke from Dillingen is said to have been given the same assignment for the mines. With the execution of this order, the task of the two gentlemen is said to have expired. Nothing has become known about the entrustment of Mr. Raabe with the commissioning of the Minette pits, as reported by Dr. Ernst Poensgen.
Re 4) It appears that Mr. Steinbrinck is trying to have the Vereinigte Stahlwerke appointed as trustee for Arbed. Röchling wanted the Carlshütte (formerly owned by Röchling) and Hagendingen to be trustees.
Mr. Herbert Göring emphasized that the overriding principle was clearly stated that the claims from the old days could not be revived and that no one could gain a special advantage by invoking them.
Re 10) On the occasion of my visit to Mr. von Hanneken, I introduced Mr. vom Bruck to the aforementioned. Apart from my personal congratulations on his appointment as lieutenant general, I only discussed the supply of salt grid ores from the Reichswerke to the Ruhr smelters and achieved the desired result, i.e. a very substantial reduction in deliveries. Mr. von Hanneken did not say anything of his own accord about the areas concerned.
However, I have spoken to Mr. vom Bruck that he will occasionally call on Ministerialrat Schmitt and discuss this question informally along the following lines: We agree, of course, not to express any wishes before the end of the war, provided that <this does not happen from any other side either, or that any
'Vünsche remain unnoticed. In principle, however, we would like to see it recognized that Hoesch - just like the other great works of the Rhenish-Westphalian

1 s. Document '1.
2 Cousin of Hermann Göring ; head of the Berlin administration of Vereinigte Stahlwerke AG ; representative of the Flick Group and Vereinigte Stahlwerke.
3 Friedrich Gramsch, Ministerial Director at the Commissioner for the Four-Year Plan.

district – would have the right to acquire a smelter with sufficient mine property if any of the German \Verke were to make such a concession. However, as efforts are being made to get the works up and running again, the support of the
a German manager must be appointed for each individual plant. It is natural to assume that the German trustee appointed to a plant in Lorraine, Luxembourg or Belgium, if he comes from one of the large German metallurgical groups, sees his task as preparing the takeover of the plant in question by his group, and that the supervision itself gives a hint and a certain entitlement in this direction. If this is the case, however, it is obvious that the question of the possible distribution of ownership in Lorraine must be dealt with by the official authorities before the end of the war, and even before the appointment of any trustee for a particular plant. In my opinion, this necessary principle has already been broken in the case of the Luxembourg works by the appointment of Mr. Berve at Arbed and Mr. Meier at Hadir. It must therefore be made clear what the intentions of the official bodies are in this respect.
The same applies to mine ownership. Here too, neither old alleged claims nor new wishes should be discussed. However, it has become known in Berlin that mining assessor Dr. Willing (Vereinigte Stahlwerke), the head of the ore mining group, has been instructed by the RWM to make proposals on the distribution of the ore mines in Lorraine within three days on the basis of his inspection that has taken place in the meantime. This is also absolutely impossible if the above principle is upheld.

6) *Letter from Fritz Pom Bruck to Erich Tgahrt Pom July 8, 1940*

Subject: Lorraine smelters. Consultation with Mr. Ministerialrat Schmitt on 8. 7. 40.

Dear Mr. Tgahrt!
I emphasized at the outset that I wanted to seek Mr. Schmitt's advice on the above matter in confidence. First of all, I explained our position once again in brief words, as already expressed in the consultation with Dr. Reichert. I emphasized that we fully understand that
1) the state whose armies have conquered the space can assert its claim in the first instance,
2) there is no legal entitlement to acquire ownership from any side,
3) all have the same start for this reason,
4) this question cannot be decided during the war,
5) the state would certainly be sympathetic to a later acquisition of ownership by the \,Verke der Saar und Ruhr in its own well-understood interests.
However, I thought it would be useful to discuss these matters with him in confidence so as not to give the impression that we were fundamentally uninterested and because, on the other hand, we were of the opinion that, since the question of acquiring ownership would later become acute, these matters would require a certain amount of preparation.
1) Mr. Schmitt first pointed out that an agreement had been reached with the iron and steel industry to the effect that this issue would not be addressed during the war.

should be cut. He immediately emphasized that he naturally did not consider my consultation to be in any way in breach of this agreement, as it h a d b e e n conducted confidentially and I merely expected him to inform me of the current state of affairs.

Two factories apparently did not adhere to this agreement and wrote t o the Ministry of Economics. Mr. von Hanneken then drew Mr. Poensgen's attention to this agreement once again.

2) The special representative for the ore mines is not Wittke, but Raabe from the Reichswerke.

3) I n response to my comment that the special representatives for the management of the individual mines and smelters would call on personalities from the iron and steel industry and that, with a view to preparing for the subsequent acquisition of ownership, personalities from \Verken would surely also be selected who w o u l d later assert claims to these special works, Mr. Schmitt replied that this was not the case. The personalities would receive a military conscription, so to speak, and would have to carry out their activities in a fiduciary capacity and on their own behalf, without establishing any claim on the part of the work to which they belonged. The state would retain a completely free hand, and the fact that a member of a plant would take over the fiduciary administration of a Lorraine smelter would not give the plant the slightest claim to later consideration. He suggested contacting Mr. Steinbrinck, Mr. Röchling or Mr. Raabe if we wished to make suitable personalities available and p o i n t e d out that it would be advisable to choose the first set, as the tasks involved were difficult. A military rank was recommended for the selection.

4) In response to my remark that proposals regarding the ownership of the mines should be submitted at short notice, Mr. Schmitt replied that Mr. Poensgen had been faithfully instructed to clarify the ownership situation in 1919, but without binding the state in any way in its future decisions and without formulating ownership claims e v e n now. He repeatedly emphasized that there were no claims at all and pointed out that even those works that had previously been owned had been compensated and settled. This did not rule out the possibility of giving these works priority in the acquisition. However, it was necessary to proceed according to organic aspects; in no case should the previous ownership status be rigidly adhered to.

5) I pointed out that in the past we had only been involved in a few mines and had not owned a smelter, so we raised the claim that we might be able to acquire a sizeable smelter. - Mr. Schmitt let it be known that such a

\It would certainly be possible in clem former French Lorraine, provided that it would become German.

Mr. Schmitt's comments can be summarized a s follows:

1) Nobody has a claim.
2) Everyone has the same start.
3) The former owners may have a kind of right of first refusal with regard to their property.
4) It is also possible for those plants t h a t did not previously own a hut to acquire one, primarily in French Lorraine.

5) The persons appointed to the provisional administration of the works are conscripted into the military and carry out their activities on their own responsibility, without giving rise to subsequent claims by the works to which they belong.

As you can see, you can be satisfied with the principles laid down, provided they are actually implemented. –

With best regards and Heil Hitler ! 1your very devoted

7) Memo from Erich Tgahrt on July 9, 1940

During my visit to Dr. Ernst Poensgen yesterday, I learned the following: Poensgen confirmed that the Röchling report was available to Mr. Bürckel, but that Röchling had refused to give the report to the economic group. In a letter to Dr. Reichert, however, he announced the most important points of his report. They are as follows:

Röchling recommends a completely new division of ore ownership, so that each smelter plant on the Saar in eastern France and Luxembourg has ore reserves for 100 years on the basis of its current production capacity. He also recommends merging several steelworks into one unit of 1 million tons of crude steel each. Finally, for the political and economic management – and thus the ownership of the large works – he wants to look primarily to the Saarlanders, alongside the East French and Luxembourgers, because they best understand the mentality of the East French. (Naturally, this recommendation essentially meant handing over the entire Eastern French steelworks to the Saarlanders and, at best, a few works to the previous owners and

the Reichswerke). Finally, Röchling states that the minette should be mined 60% calcareous and 40% siliceous, possibly even 50:50, to prevent overexploitation of calcareous minette. (As far as I know, the supply of calcareous minette is much greater than that of siliceous minette. However, it will probably be possible to determine this from expert reports). Röchling is of the opinion t h a t , in addition to the supply described above, a certain amount of exports to Belgium, namely around 2 million tons per year, and above all to Rhineland/Westphalia, should also be permitted.

Poensgen has been asked by Schmitt to make proposals of his own. Poensgen is trying to find a common line with Röchling and has arranged a meeting with Röchling in Berlin today. Together with Vögler, he has drawn up guidelines which essentially state the following:

Determination that 7 billion tons of ore are available in eastern France and Luxembourg with around 2¼ billion tons of Fe. Requirements:

1) Field cleanup

2) Completely new planning to supply the smelters in eastern France, Saar and Lorraine for 75 years

3) Consolidation of smelting works from neighboring locations to those with an annual output of 600,000 t

4) The ores not used under 2) are to be kept at the disposal of the Greater German iron industry. Distribution according to pig iron capacity. Management according to overriding considerations. German ores should remain as a reserve and only be mined to the extent that the preservation of the mine condition and the economic viability of the iron and steel works permit.

5) Apart from these aspects, private claims take a back seat. However, the former owners should be granted a certain privilege, if one is at all inclined to this idea; hence the determination of the ownership situation before 1914.

I asked Mr. Poensgen not to go beyond the 600,000 t annual capacity of the steelworks in his proposals, because otherwise there would be too little available to satisfy the expected demands, especially as Poensgen's proposals also indicate that the distribution of the steelworks might also be based on the current crude steel capacity. He promised me this, adding (in the strictest confidence) that he agreed with Mr. Vögler that the agreed steelworks only wished to retain Differdingen. Klöckner naturally had a claim to Kneuttingen, the Reichswerke would like to have Wendel and Hagendingen, and it was not yet clear what the Saarwerke were claiming. There was also the question of whether the old French and Belgian previous owners should not be taken into account when the ironworks were taken over into German administration, so that support could be provided for sales and a trusting cooperation could be established. How to proceed with Arbed was undecided. Personally, he would be in favor of preserving this grown company and, if necessary, transferring the French majority to German ownership. Krupp had recently made a formal request to acquire steelworks in Lorraine. This had caused a great deal of consternation in Berlin. Röchling entrusted the Otto Wolff company with the trusteeship of the smelters and mines in the Nancy region. General Bührmann has been appointed inspector for raw materials in the entire region. Raabe is now appointed for all Minette mines, including Luxembourg, with the task of putting the mines into operation.

I also asked Poensgen to arrange for Mr. Reichert to keep me constantly informed, which he agreed to do.

8) Letter c,on Fritz c,om Bruck to Erich Tgahrt c,om July 10, 1940

Subject: Lorraine - Ironworks and mines

Dear Mr. Tgahrt !

I visited Dr. Reichert today regarding the above matter and first briefly informed him of the comments made by Ministerialrat Schmitt during my visit on 8 M a r c h . Mts.

Mr. Reichert then reported briefly on the meeting that had taken place yesterday between Mr. Poensgen and Mr. Röchling, which had essentially been very harmonious. In particular, Röchling had readily agreed to Mr. Poensgen's proposal to merge the operating units on the basis of a capacity of around 600,000 t instead of 1 l\l million t, as Röchling had originally planned.

Mr. Reichert had made a note of the meeting in the form of a letter to Mr. Poensgen, which he gave me to read. He did not want to give me a copy of the letter, which I asked him to hand over and send to you; he also did not want me to make any notes. Mr. Reichert said that the plans considered in the meeting were still completely non-binding and that he therefore did not wish the details to be discussed. Mr. Poensgen would ask himself the questions

We will certainly have to think about it for another 8 days anyway, and we are of course free to contact Mr. Poensgen again. - As I was only able to take a brief look at the letter, I can only give a non-binding summary of its contents below, without any guarantee of accuracy.

The picture then looks something like this: the area of German and French Lorraine, including the region of Nancy and Luxembourg and the Belgian plant Athus, was taken as a basis. According to the list on which the discussion was based, there are 30 plants within this area. Mr. Reichert will provide us with this list. Mr. Tosse wanted to have a copy made; I expect to receive it today and will then forward it to you.

As far as I can remember, and without keeping to the order given in the letter, the breakdown looks something like this :

			Capacity
I. Group	Longwy		600000 t
	plus Gorcy		50000 t
II.	GroupLa Chiers		
	Rehon	}	640000 t
III. Senelle Group			
	Saulnes Hussigny-}		825 000 t
	Godbrange		
IV. Group	Micheville	approx.	480000 t
V. Group	Homecourt		
	Auboue	}	600000 t ample
VI. Hagendingen Group		over	1 million
VII. Kneuttingen Group			t 1 million
VIII. Diedenhofen Group			t
IX. Rombach Group			
	Maizieres		about5000
X./XI. Group de Wendel			00 t (?) 625
	Hayingen		000 t
	I\loyeuvre		300000 t
	Joeuf		
		over	1.2 I\I million t
XII. Group	Pont-a-i\lousson	approx.	200000 t
XIII. Group	Pompey		
	Neuves Maisons		650 000 t
	Champigneulles		
XIV. Group	Differdange		

As you can see, the Luxembourg and Belgian regions are not included in this grouping, with the exception of Differdange. It would therefore certainly be possible to put together two more groups of the planned size from the capacities available here. This grouping is, as Mr. Reichert expressly emphasized, completely non-binding. It was not yet known how many people would be interested. Should there be more interested parties, the number of groups could be increased by providing for a lower capacity for the individual group. Other counter-proposals can also be made if you consider it appropriate.

In any case, it seems absolutely necessary to me to get in touch with Mr. Poensgcu and to clarify as quickly as possible what concrete demands we intend to make.
With regard to the mines, a field adjustment is to take place, just as the smelters are to be grouped together according to organic aspects, as already taken into account in the proposals.
What should be done with the pits that do not belong to one of the 30 plants listed?
is still open. Community ownership is not being considered.
The list of mines was based on a list provided by Mr. Schoen. After a cursory review, I realized that Hoesch was only mentioned with regard to its participation in the Reichsland mine, but the Jarny mine was not listed. It turned out that Mr. Schoen had forgotten all the mines in French Lorraine.
I t was interesting to note in Mr. Reichert's report that interested parties have apparently already been discussed for individual groups, for example with regard to:
a) Micheville: GHH had been considered here. - In response to my question as to whether GHH had expressed a wish in this regard, Mr. Reichert explained that this was not the case, but that GHH had once intended to build a plant directly next to Micheville. - From this we would like to see that all such considerations were still very abstract in nature and had not yet taken any kind of firm shape.
b) Homecourt-Auboue: Neunkirchen has obviously been considered here.
c) Pont-a-Mousson: Halberger Hütte has been thought of here.
d) de Wendel: Reichswerke has been earmarked as an interested party here.
e) Rombach: Concordia, with reference to Spaeter's previous ownership.
f) Diedenhofen: for Röchling.
g) Hagendingen: also claims Röchling as compensation for the Maxhütte.
h) Kneuttingen : for Klöckner.
i) Difierdingen: is claimed by Vereinigte Stahlwerke. The Arbed
complex was apparently left out completely for the time being.
The name "Hoesch" had also been mentioned in general, but not in connection with
We have no connection with any hut, as we have not yet made any requests in this regard.
In principle, there is probably not much to be said against the division of the huts from an objective point of view. One would think that the number of interested parties would not be greater than that provided for in the plan of the economic group by the division into groups. It should therefore be possible to reach an agreement on this basis.
After consultation, at least the Longwy, Chiers and Pompey groups are free. Since we don't attach any importance to the latter, the two groups Longwy and Chiers would come into question first and foremost. Of course, Micheville
and Homecourt or Senelle the last word has not been spoken. Homecourt in particular was described to me by both Mr. Spannagel and others as a very good work.
The Belgian cabins are initially left out of this complex, if one.
apart from Chiers and Rehon, which belong to Ougree and Providence. It would therefore not be impossible to assert claims to Belgian huts or Arbed or parts of Arbed at a later date, irrespective of the reservation for one of the groups.

In connection with French holdings in Belgian property, of which it is not yet known in what form they are to be redeemed, I would like to point out some interesting mines in the Campine district on my own initiative, without any connection to Reichert's conversation. These are the following three companies :

a) Societe des Charbonnages de Limburg/Meuse
Headquarters Brussels
Production 1937: 1 263000 t
Concessions : 4910 ha
b) Societe Anonyme des Charbonnages Coursel-lez-Beeringen
Production 1937: 1 146000 t
Concessions: 4950 ha
c) Societe des Charbonnages, Winterslag
Headquarters Brussels
Promotion 1937 : Concessions 872 000 t
: 3 963 ha

French capital is involved in all three coal companies. - The Campine area is, as far as I hear, still very promising. - I have refrained from mentioning the southern coal district of Belgium, because from here it is impossible to overlook the extent to which the \verke have already been mined. –
Mr. Reichert then pointed out that Mr. Poensgen had submitted the list of property ownership in 1918 requested by the Reich Ministry of Economics. I would be grateful if I could receive your statement as soon as possible.
In my opinion, a possible participation on our part at Rombach does not need to be taken into account when dividing up the groups, as this would be an internal agreement with the intended previous owner. -
I am with best regards and Heil Hitler ! Your very devoted

9) Memo from Erich Tgahrt dated July 12, 1940

Concerning the Lorraine smelters and mines

Mr. vom Bruck had asked whether it would not be appropriate, now that names have already been mentioned in the discussion between Mr. Poensgen and Mr. Röchling as interested parties for one or other steelworks group in eastern France, for us to come forward with specific wishes. I told Mr. vom Bruck that in my opinion it was premature to express specific wishes at a time when not even the basic wishes of individual plants had yet been expressed. If, however, in a conversation with Dr. Reichert, it seemed appropriate to him to make suggestions, then he should take note of the following ranking according to the assessment of my colleagues on the board and before me. This assessment excludes de Wendel, Hagendingen, Kneuttingen, Rombach and Arbed, because they are hardly suitable for anyone who does not have old rights, or the Hermann-Göring Werke. In assessing the following order, the existing ore ownership has also been taken into account, although it is doubtful that this will be taken into account in the future when new ores are built.

will play a significant role in the distribution of ores. The pure blast furnace works, the former possessions of the Saar and those groups that are even less desirable than No. 4 in the following list are not included:

1) Homecourt, very good ore holdings in the Briey Basin, favorable freight location for ores and probably also reasonably well-developed works.

2) Acieries de Longwy, satisfactory ore base, including some in the Briey basin,
technically probably in quite good condition compared to the other smelters. After part : distance from the Briey ore base, while the ores in the Longwy basin are naturally very close and there is probably less freight for the finished products.

3) Micheville: Uniform work with a good ore base in the Longwy Basin, but probably technically less good than Acieries de Longwy.

4) Rehon & La Chiers: in the Longwy Basin, currently no good ore base, 2 separate plants.

I called Mr. Poensgen today and asked him how things are going to proceed. He told me that he had been asked by General von Hanneken to make his proposals on Thursday of next week. In reply to my question, Poensgen explained that these proposals were of course only of a fundamental nature and that he would refrain from giving any names for the distribution of the groups among the German interested parties. After Berlin, he will then travel to southern Germany and Switzerland for a few days. He intends to invite the Small Circle to a meeting at the end of the week after next.

10) Memo I'0n Alfred Brüninghaus [1] I'om *July 17, 1940*

Meeting with Ernst Poensgen on July 16, 1940

I mentioned at the beginning that we had the impression that some companies were already expressing certain wishes with regard to the acquisition of Luxembourg and Lorraine works, and that we therefore now considered it appropriate to do the same.
Poensgen confirmed that this view was correct. It was now time to clarify the issues and he would discuss them with von Hanneken on Thursday. To this end, he had drawn up a list of 14 groups of works and underlined in red for von Hanneken those that had previously been in German ownership. There were therefore enough properties to satisfy all interested parties. The Reichswerke were already working hard. They were laying claim to de ,vendel, Hagendingen, Homecourt and Arbed. In order to take the wind out of the sails of the Reichswerke, the Vereinigte Stahlwerke would only claim Differdingen. Athus was to be added. To my objection that the latter was only an insignificant blast furnace plant, he replied that that was true. But they wanted to annex this part of Belgium to Luxembourg.
In response to my question as to which reflectors could be considered, he said above all the Saar-Werke, apart from the R[illegible]einisch-Westfälische, then probably only Flick, Schering, Stumm G. m. b. H., perhaps also the Später-Oswald family, as previous owners.

1 Member of the Management Board of Hoesch AG.

With regard to the valuation of the plants, he had just looked at the various balance sheets - including the Hoesch balance sheet - and found that for each ton of annual production of crude steel, fixed assets were valued at RM 40 to R:\l 45. Here the refinement was to be deducted, so that one would have to reckon with Rl\f 35,-. The price on the Paris stock exchange at a certain date could also be used as a basis. He would propose to von Hanneken that the purchase price of the mines be covered by a mining levy for 10 years. A similar procedure would also be possible for the steelworks.

We then came to talk about visiting the factories. I tried to find out who would be conducting tours there. The gentlemen from the Reichswerke, Röchling and Mr. Faust from the Lübeck blast furnace works were mentioned.

I then put forward our wishes:

1.) Majority of the Arbed, if we would not collide with the Reichswerke,
2.) Rombach,
3.) Longwy,
4.) Homecourt.

Poensgen believes that the. The question of distribution would soon have to be discussed in a small circle. In the case of Arbed, we would collide with the interests of Vereinigte Stahlwerke, which had a particular interest in Arbed because of the Adolf-Emil-Hütte. He would have considered the possibility of a consortium of steelworks acquiring the Arbed shares. It would not have to be the majority.

Note : ;\,I. E. the labor issue also plays a major role in the evaluation of the plants. It is most favorable in Luxembourg and the old German Lorraine, although there is probably a great shortage of labor in these areas. Even before the World War, a large number of Italians were employed at the smelters in Luxembourg. The works in French Lorraine and in the Longwy basin have an all-French workforce. I spoke to Mr. Overdiek, former head of the steelworks at Harkort-Eicken, currently a pensioner of ours, who had been in Rombach just two years ago. His father was technical manager during the construction and for many years of the Rombach plant. Overdiek had the impression that more German was now spoken in Rombach than before the world war. On the other hand, there was a colorful mixture of peoples there, including Tong Chinese, Anamites2 etc., proof that there was a shortage of labor.

While at the time when the Luxembourg and Lorraine plants were commissioned there was a strong influx of workers from the Saar and from Rhineland and Westphalia, this can of course no longer be expected today. Unless far-reaching rationalization can be carried out while simplifying the program, foreign workers must be expected at all times, not to mention the purely French-speaking areas.

2 This refers to workers from Tonking and Annam (today = Vietnam) - D. E.

11) Memo dated July 19, 1940 with Ernst Poensgen's proposals for the "reorganization" of the iron industry in France and Luxembourg[1]

The situation in the western territories

Draft proposal of the Iron and Steel Industry Group for a division of the steelworks of Lorraine, Luxembourg and southern Belgium

The iron and steel industry economic group has drafted a proposal for the distribution of steelworks in Lorraine, Luxembourg and southern Belgium. This proposal takes into account the wish of the "Vereinigte Stahlwerke" to refer to the coal holdings in Lorraine, Luxembourg. The idea of distribution according to individual German steel companies has also been dropped as desired. On the other hand, the proposal of the "Vereinigte Stahlwerke", which deals with domestic prices and domestic production, is not included, as Greater Germany will in all probability continue to pursue a policy of constant prices and wages.
The draft has the following wording:
"The importance of the Lorraine-Luxembourg economic area, including the so-called Briey Basin, is based on its significant deposits of minette, The latest findings of French mining experts have shown that the entire basin is said to contain around 7 billion tons of raw ore with a Fe content of around 2.2 billion tons. For the task I have been given of integrating these iron ore reserves into the Greater German economic area, I am focusing on the following aspects:
1) In order to manage the entire ore deposit appropriately, a field adjustment is initiated with the aim of organizing the ore reserves according to location, quantity and calcareous and siliceous nature. Mr. Willing, a former mining assessor, is already working on the question of field adjustment on behalf of the Mining Economic Group. He will probably need some time to compile his data if he wants to gain an accurate picture of the ore reserves of individual mines.
2) In accordance with the planning under item 1, extensive ore reserves are transferred or offered for purchase to Saarhütten, Luxemburger and Loth ringer Hüttenwerke,
that the existing blast furnaces are guaranteed a service life of around 75 years, depending on their average output.
3) Insofar as the field and pit allocation carried out in accordance with items 1 and 2 still results in free ore quantities, these shall be made available to the other Greater German iron and steel industry. Insofar as the Ruhr ironworks, for example, participate in this, the existing pig iron capacity can also be used as the basis for the participation quota. The management of free ore quantities must be based on overriding national economic considerations. If one takes the view that domestic ore deposits must be conserved in order to prolong their life, then the need to import the largest possible quantities of ore arises automatically. Ore production in the Greater German economic area will therefore be utilized to the extent that the maintenance of operations on the one hand and economic requirements on the other dictate.

1 Federal Archives Koblenz, Reich Ministry of Economics, R 7 IX, No. 153, BI. 36-46 , the file note comes from the Reich Ministry of Economics.

4) In this context, reference should also be made to the fuel issue and thus to the transportation requirements. It would appear expedient, for example, to combine ore shipments to the Ruhr with corresponding quantities of coal and coke to the ore regions. Incidentally, it should not be overlooked that some of the old German owners had coal mines in Lorraine-Luxembourg. Even if this question does not concern the economic group of the iron and steel industry, it should not be forgotten in this context.

5) As far as other minette sales are concerned, around 6 million tons of Lorraine and Luxembourg ore went to Belgium every year. It would be possible to continue to include minette in the plan for the Belgian smelters within the scope of their existing purchases. However, increasing these l\inette deliveries to Belgium beyond the current level would not meet national economic needs.

6) Once the ore deposits have been consolidated, the smelting works located in the Lorraine-Luxembourg ore deposits will be grouped into new plant groups according to their local location, size and characteristics. For reasons of economic efficiency, a minimum annual capacity of 600,000 tons of blast furnace and steelworks should be the rule. However, if the envisaged order of magnitude is not suitable in view of the number of applicants that cannot yet be overlooked, one could deviate from the
(point 12) and consider a different distribution. In short, it seems right to refrain from a rigid merger and distribution plan.

7) Questions of ownership take a back seat to national economic considerations. It
However, it seems self-evident to me that the former German owners are entitled to a right of first refusal if and as soon as the transfer of the current foreign property into German private ownership is carried out. For this reason, the ownership status of the entire territory in the fall of 1918 must be precisely determined in order to be able to make any offers to the
former owners. I consider the question of the extent to which the works managed by foreign owners before 1914 should also be transferred to German ownership
as belonging to my task. Should these works be transferred into German ownership, then it seems fair to me to stagger the acquisition opportunities according to the ability of the applicants. Only from an economic point of view could it appear expedient to leave the French, Belgian and Luxembourgian previous owners involved in order to maintain relations with (probably correctly: them – D. E.). Whether and to what extent
However, I believe that political considerations should be examined on a case-by-case basis.

8) The "Hermann-Göring-Werke" will have to be given preferential treatment in the course of the participation of new plants.

9) To conclude the basic proposals, it should be pointed out that, apart from other deposits, the French economic area has a second large ore region in northwest France, namely in Normandy and Brittany, in the immediate vicinity of the Atlantic coast. The reserves there are estimated at 4 to 5 billion with an average Fe content of 45 percent. These are mainly iron carbonates. This ore basin could become even more important due to its favorable location in relation to the Pas de Calais coalfield. Production there, which consists largely of cokeable coal, amounted to 35 million tons per year before the outbreak of war. The above-mentioned north-western French area was developed by German plants before the war. The

The first Norman blast furnace works near Caen was built by a German (August Thyssen). It was also the German iron and steel companies "Deutsch-Lux", Gutehoffnungshütte", "Hoesch" and "Phönix", which, apart from "Thyssen", have developed the Norman ore fields. The former ore production there amounted to about 2 million tons, the pig iron production to 300,000 tons. These figures have not changed significantly in the last 25 years under French management.

10) Insofar as members of our economic group in Lorraine and Luxembourg belonged to the former owners (item 6), the following companies are to be mentioned, which are attached as Annex [2].

11) As far as the steelworks located in the Lorraine and Luxembourg regions that could b e redistributed are concerned, the following 30 companies are involved:

Steelworks in Lorraine, Luxembourg and southern Belgium

I. Lorraine

Name and location	Number of blast furnaces	Annual capacity (estimated) t
1. S. A. Metallurgique d'Aubrives et Villerupt, Aubrives (Ard.), (Blast furnace plant and foundry)	2	100000
2. Cie. des Forges de Chätillon, Commentry et Neuves-Maisons, Group East: Neuves-Maisons, Champigneulles b/Nancy (Mixed work)	7	450000
3. S. A. des Hauts-foumeaux de Ja Chiers, Longwy-bas (Mixed work)	5	450000
4. Soc. Metallurgiques de Gorcy, Gorcy b/Longwy (Mixed work)	2	50000
5. Soc. Metallurgiques de Knutange, Nilvange (Mixed work)	10	1 000000
6. S. A. d'Acieries de Longwy, Mont St. Martin (Mixed work)	9	600000
7. Soc. Lorraine Miniere et Metallurgique, Thionville (Mixed work)	4	585000
8. Cie. des Forges et Acieries de la Marine et d'Homecourt, Homecourt (Mixed work)	7	475000

2 Not found – D. E.

Name andLocation	No.of annual capacity blast furnaces (estimated) t	
9th Societe des Forges, Hauts-fourneaux et de Mines de Cer de Maxeville, Maxeville (Blast furnace and foundry)	3	90 000
10 S. A. de Acieries de Micheville, Micheville-Villerupt (Mixed work)	6	460 000
11. S. A. des Forges et Acieries du Nord et de l'Est, Valenciennes (Jarville plant, closed since 1923)	4	200000
12th Soc. des Hauts-fourneaux et Laminoirs, Frouard b/Nancy plant (Mixed work)	4	200 000
13th Forges et Acieries du Nord et Lonaine, Ückingen	4	400000
14 S. A. des Hauts-fourneaux et Acieries de Pompey, Pompey (Mixed work)	4	200000
15 S. A. des Hauts-fourneaux et fonderies de Pont-a-Mousson, Pont-ä-:Mousson (Blast furnace and foundry)	5	200000
A uboue plant (west of Metz)	3	165000
16 S. A. des Hauts-fourneaux de Saulnes Jean Raty et Cie, Saulnes (Blast furnace and foundry)	5	225 000
Plant in Hussigny-Godbrange b/Longwy	2	100000
17 Soc. des Mines et Usines de Redange-Dilling (decommissioned)	3	90 000
18th Soc. Lorraine des Acieries de Rombas, Rombach plant (Mixed work)	8	625 000
19th Soc. Metallurgiques de Senelle-Maubeuge, Senebelle b/Longwy (Mixed work)	5	500000
20th Soc. Miniere des Terres Rouges, Audun-le-Tiche (German-Oth) (Blast furnace plant)	4	250000
21 "Work"	6	1 000000
Plant in Maizieres (decommissioned)	3	75000
22 De Wendel et Cie, Joeuf (Mixed work)	8	550000

Name and location	Number of blast furnaces	Annual capacity (estimated) t
23 Les Petits [Fils] de F. de Wendel, Hayange and Moyeuvre (Mixed work)		1 200000
24. Hadir Ottange plant (Pure blast furnace plant)	18	135000
25th S. A. des Laminoirs, Hauts-fourneaux, forges, fonderies et Usines de la Providence, R&#xfffd;hon b/Longwy plant (Mixed work)	3	225000
	5	
II. Luxembourg		
1. Arbed, Dudelange plant (mixed plant)		
Arbed, Emilhütte in Belval (mixed work)	1	2 800000
Arbed, hut in Esch		
2. Hadir, Differdange plant		600000
Rümelingen plant (decommissioned)	10	
3. Steinfort, Steinfort (decommissioned)	3	
4. Ougree-Marihaye, Rodingen plant (mixed plant)	3	200000
	5	
III. South-Belgium		
1. Blast furnace plant in Athus	2	

12) It is proposed that the steelworks referred to in point 11) be grouped together into specific groups of plants. This is based on the idea that locally neighboring plants could be merged and that, as noted in point 6), this could be done on the basis of could maintain an annual production capacity of 600,000 tons of pig iron or crude steel for economic reasons.

13) With reference to item 6), it is proposed that the smelters mentioned in item 1 1) be combined as follows:

Group I:

Chiers in Longwy-bas	(number 3)	with5 blast furnaces of 450000	
tons with the Rehon plant b/			
Longwy of the Provi<lence	(figure 2)	„ 5 „ „	225 000 to
		together with 10 „	675000 to

Group II :					
Acieries de Longwy in					
Mont St. Martin	(figure 6)	with	9	blast furnaces of	600000 tons
with Gorcy b/Longwy	(figure 4)	„	2	„ „	50 000 to
	together		11	„ „	650000 to
Group III :					
Senelle b/Longwy	(figure 19)	with	5	blast furnaces of	500000 tons
with Saulnes	(paragraph 16)	„	5	„ „	225 000 to
Hussigny-Godbrange	(paragraph 16)	„	2	„ „	100000 to
	together		12	„ „	825000 to
Group IV :					
Rombach	(figure 18)	with	8	blast furnaces of	625,000 tons
with Maizieres	(paragraph 18)	„	4	„ „	300000 to
	together		12	„ „	925 000 to
Group V:					
Neuves-Maisons,					
Champigneulles b/Nancy	(number 2)	with	7	blast furnaces of	450,000 tons
with Frouar<l b/Nancy	(figure 12)	„	4	„ „	200000 to
Pompey	(paragraph 14)	"	4	„ „	200000 to
	together		15	„ „	850000 to
Group VI:					
Kneuttingen	(item 5)	with	10	blast furnaces of	1000000 tons
Group VII:					
Ückingen	(paragraph 13)	with	4	blast furnaces to	400000 to
Group VIII :					
Diedenhofen	(paragraph 7)	with	4	blast furnaces to	585 000 to
Group IX :					
Homecourt	(paragraph 8)	with	7	blast furnaces to	475 000 to
with Auboue	(paragraph 15)	„	3	„ „	165 000 to
	together		10	blast furnaces to	640 000 to
Group X:					
:\Iicheville	(paragraph 10)	with	6	blast furnaces to	460000 to
Group XI : Pont-					
a-Mousson	(paragraph 15)	with	5	blast furnaces to	200000 to
with Villerupt	(Point 1)		2	„	100000 to
	together		7	blast furnaces to	300 000 to
Group XII :					
„\Verk"	(paragraph 21)	with	6	blast furnaces to	1 000000 to
with decommissioned	(paragraph 21)		3		75 000 to

Group XIII and XIV :
The plants belonging to De Wendel in Hayange, Moyeuvre and De Wendel [Joeuf] (numbers 23 and 22) with 26 blast furnaces of 1750000 to

Pig iron capacity should be divided into 2 groups, namely one group Moyeuvre Joeuf and another group 1-layange.

Group XV :			
Differdange	**(Point 2 Luxembourg)**	**wit h**	**10 blast furnaces of 600000 tons**
Rümelingen	**(Item 2 „)**	**„ 3 „**	**,, (decommissioned)**
Ottange	**(Note 24)**	**" 3 "**	**„' 135000 to**
	together	**16 blast furnaces of 735000 tons**	
Group XVI :			
Rodingen	**(Point 4 Luxembourg)**	**with 5 blast furnaces of 200000 tons**	
Group XVII: Arbed			
Group XVIII: the idle plants	**(Point 1 Luxembourg)**	**with 16 blast furnaces of 2000000 tons**	
a) Maxeville			
b) Jarville			
c) Redange-Dilling	**(paragrap h 9)**	**with 3 blast furnaces of90000 tons**	
		with 4 blast furnaces of 200000 tons	
	(paragrap h 11)	**with 3 blast furnaces of90000 tons**	
	(paragrap h 17)		
d) Stone fort	**(No. 3 Luxemb.)**	**with 3 blast furnaces to *?***	

are best left shut down."

12) Letter 1-'0n Fritz 1-'0m Bruck to Paul Körner 1 Yom August 2, 1940

Dear Mr. State Secretary!
With reference to our conversation today, I would like to take the liberty of presenting our wishes to you again in this way, as instructed. May I take the liberty of once again emphasizing the general points of view that I had the opportunity to present to you and which met with your approval.
Provided that the Reich should decide, for reasons of expediency and general economic considerations, to give the German iron and steel industry the opportunity to acquire mines and smelters in Lorraine and Luxembourg, Hoesch AG would also wish to acquire a suitable share. We are proceeding on the basis that some of our plants in Dortmund are in urgent need of renewal.
are. For these reasons, it would be necessary for us t o make major investments in the near future. If the all-German

1 State Secretary, Deputy to Hermann Göring as Commissioner for the Four-Year Plan,

Chairman of the Supervisory Board of Reichswerke "Hermann Göring".

If we were to increase our capacity by that of the Lorraine-Luxembourg smelters, such investments would mean an overall increase in capacity for which there would be no economic need under the circumstances just mentioned. On the other hand, our competitiveness would suffer if we were deprived of the opportunity to increase our capacity.
of compensation would be denied.
It would therefore serve our interests, and therefore the interests of the company as a whole, better i f we could acquire suitable plants in Lorraine or Luxembourg. It is therefore purely production-related aspects that would make the acquisition appear desirable to us.
On the basis of these technical production considerations, Arbed would appear to us to be the most suitable solution for filling the gaps in our production program or saving new investments.
However, if Reichswerke AG für Erzbergbau u. Eisenhütten "Hermann Göring" were also interested in acquiring Arbed, we would defer our wishes in this regard.
In this case, we would consider acquiring the Longwy group, i.e . Acieries de Longwy and one of the plants in the immediate vicinity (Rehon or La Chiers). This group would also fit into our production program and we would b e able to refrain from new investments.
I hope that this brief information will be useful for any briefing that may be envisaged.
of the Reichsmarschall will suffice; of course I am at your disposal with further documents at any time.
It is with the highest esteem and Heil Hitler! Your very devoted

13) Letter from Fritz vom Bruck to Erich Tgahrt dated August 2, 1940

Subject: Acquisition of a hut in Lorraine. Consultation with Mr. Reichert, Mr. Kimmich. Gramsch, Schlotterer

Dear Mr. Tgahrt !
1) Dr. Reichert had nothing significant to report on the Lorraine issue. No more requests had been made to him for about 10 days. - The documents for the capacity review were currently being prepared and a new proposal on the distribution of the mines and smelters would be made once the actual capacity of the works had been established. - Mr. Reichert has taken note of the fact that we attach importance to the Longwy group.
He also mentioned that Dr. Küttner from the Specialist Group for Stainless Steel (known to you) had been appointed as the person responsible for the Lorraine question in the Reich Ministry of Economics. However, Mr. Küttner had not yet visited him. I c o n s i d e r this appointment to be irrelevant. Dr. Küttner will certainly have no influence whatsoever on the design of things. This does not exclude the possibility that I may contact him after
occasionally visit me on other matters when I return from my vacation and, on this occasion, also touch on the Lorraine question in a conversational and noncommittal way.

2) Dr. Kimmich1 reported on the contract that Otto Wolff had concluded with Ougree-Marihaye regarding a joint export agency. This contract had met with the approval of Mr. von Hanneken despite the great indignation of the competition. Otto Wolff had thus cleverly secured a mortgage on the company as a whole, so that in his opinion nothing more could be done for others with regard to Ougree-Marihaye.
In Mr. Kimmich's opinion, this also applies to La Chiers, which we may want to acquire in connection with Longwy.
Mr. Kimmich recommends that we act quickly if we have any wishes regarding Belgian works. I referred to Providence in this connection. Mr. Kimmich held out the prospect of assistance from Deutsche Bank if necessary, as Deutsche Bank has good relations with Societe Generale. As you know, Providence is one of the plants controlled by Societe Generale.
He mentioned that 5 or 6 groups had already approached him with concrete proposals.
I have informed Mr. Kimmich about my conversation with Mr. Gramsch and Mr. Körner.
3) Mr. Gramsch, who sends his regards, still has nothing to do with the Lorraine question. He said that State Secretary Körner had reserved this complex for his personal consideration. His personal advice, after I drew his attention to the Wolff-Ougree case, was to create a fait accompli, which would certainly be the right thing to do in these turbulent times.
I would recommend establishing contact with Providence in the appropriate form as soon as possible. Mr. Jaissle and Mr. Gockel would be suitable for this. We should consider the wisest tactical approach to this matter. The Belgians will be well aware that the French share in their plants cannot be maintained, and I could imagine that they would be very happy to make contact with a good German group in good time in order to ensure a smooth liquidation of the French property and at the same time to ensure that their plants continue to operate as smoothly as possible while maintaining the French ownership.
to ensure that they retain their share of ownership.
In this context, I would like to remind you once again of the Campine pits.
4) Dr. Schlotterer was of the opinion that Vereinigte Stahlwerke had lost a great deal of ground in the Reich Ministry of Economics due to the way it had acted in the past. This was also true for some other companies.
The Reich Ministry of Economics would not see the fact that the Vereinigte Stahlwerke and other works had succeeded in sending trustees to a number of works as any reason to allow itself to be influenced in any way by this in the future division of ownership. The intention is to find a solution that can serve all legitimate interests. –
With best regards and Hail H itler! Your very devoted

1 Kai-1 Kimmich, Member of the Management Board of Deutsche Bank, Chairman of the Supervisory Board of Hoesch AG.

14) Letter from Karl Kimmich to Erich Tgahrt dated August 6, 1940

Dear Mr. Tgahrt,
I spoke to Mr. Röchling today in a different context about the various heavy industrial plants in the West. We also mentioned Acieries de Longwy. He said that he had recently visited this plant and had a very good impression of it.
would have won him over. However, the Thomaswerk would not have been built the way he thought it would be, but all in all, this is one of the technically good objects.
Mr. Röchling himself seems to be interested in Hagendingen and Diedenhofen as well as Karlshütte.
He had initially been in favor of forming units of 1 million tons, but now agreed with Ernst Poensgen's plan to go down to 600,000 tons. There would then be enough good objects so that every interested party would have the prospect of one.
Recently I was also approached by an industrialist with disparaging remarks about the fact that Hoesch had registered no less than four properties, first Arbed, then Homecourt, then Rombach and finally Longwy. It also appears – although I am not certain of this – that these requests had been passed on to official bodies. I immediately explained that this had been the first consideration at Hoesch and that I found it unpleasant to capitalize on such things. However, you can see from this how good it was that you immediately followed my suggestion not to make a series of
of objects, but only one whose acquisition can be appropriately represented in terms of production technology.
Because of Rombach, neither Flick nor Röchling believe that Mr. Berckemeyer has any prospect of success as the so-called legal successor qua Concordia, despite the legal con structions of Dr. Dechamps. I have also heard from very knowledgeable sources that Mr. Berckemeyer considers his position to be very weak. Because of the Arbed, there are considerations among the industrialists to either divide the real estate or buy it out.
of the shares to the public, although it is questionable how far this will go, as the company does not want to expropriate the Luxembourgers.
Yours sincerely, Yours sincerely

J,j} Memo from Fritz vom Bruck dated August 20, 1940

Meeting between General Director Tgahrt and Dr. vom Bruck with Dr. Reichert on 20. 8. 40.

The following should be noted from the discussion with Dr. Reichert regarding the Lorraine issue:
1.) The determinations regarding the capacity of the cabins can be considered complete. The proposals have been submitted to Mr. von Hanneken by the persons responsible for this. It appears that Mr. von Hanneken will essentially endorse the proposals of the economic group presented to him by Mr. Poensgen.

The proposals of the Reichsstelle Eisen und Stahlt, of which Mr. Reichert is not aware, apparently did not appeal.

Mr. Küttner, who, as I have already reported, has been asked by the RWM to work on the Lorraine issues, will soon visit the site, inspect the \Verke and then draw up a proposal of his own.

2.) The fact that the customs borders were shifted according to the old imperial border before 1914 is no indication of the later final border demarcation. One is convinced that the final border will be the upper Meuse-Aisne-Oise canal.

Areas such as Maubeuge, Valenciennes and Lille would therefore also be included. However, some people are of the opinion that Pas de Calais and Artois should become part of Belgium. The contiguous ore region would certainly not be separated.

3.) In all likelihood, the Belgian and Luxembourg properties will not be touched. Opinions differ with regard to the French property. While Röchling recommends the complete redemption of the French holdings, Poensgen is of the opinion that French minority holdings could also be retained on a case-by-case basis.

4.) Arbed

There is a tendency to take the view that this company should be preserved in its entirety. The Luxembourg minority is not to be touched. It remains to be seen who will or can acquire the majority. Perhaps several plants will also be considered. Mr. Reichert was not aware of any claim by the Krupp company to Arbed.

5.) Ore mines

Mr. Reichert does not believe that the ore mines will be taken into state administration as a whole, but is rather of the opinion that they will be divided up to private interested parties according to the future ownership of the smelters, albeit with an appropriate reorganization of the ownership structure.

Bichelonne's calculations are considered to be too optimistic because they do not take into account the predatory mining methods used in France. These methods must be stopped in any case. Mr. Raabe was of the opinion that ore extraction could also be reduced to less than 28%. In this way, the reserves would be

and would then come close to Bichelonne's calculation in terms of quantity and time.

6.) Hermann-Göring-Werke

The Reichsstelle's proposal apparently envisages that the pig iron capacity of the Reichswerke, including the plants already in existence or in the process of expansion, should total 6 million tons per year. In Mr. Reichert's opinion, the capacity of the existing

If the expansion stage I of Salzgitter and Linz were to remain at least 3 million, then according to this proposal at least 3 million of the Lorraine capacity would be diverted to the Reichswerke, but possibly only 2 million. Hanneken said that this proposal was too far-reaching.

7.) When asked by Mr. Tgahrt whether he had heard that our Lotharingian demands had been described as very extensive and excessive, Mr. Reichert replied that he had indeed been told that we were demanding either the Arbed or the de \Vendel group. We pointed out, however, that although we had considered ownership of the Arbed, we had neither made any considerations nor expressed any wishes whatsoever with regard to de Wendel. We had, as I

1 Excerpts printed in: *Case 5,* p. 222 ff.

We had already told him a few weeks ago that we would restrict our wishes to the Longwy group.
8.) In response to Mr. Tgahrt's question as to whether another interested party had emerged for Longwy, Mr. Reichert replied that this was indeed the case. Some people were propagating the idea that not only the existing steelworks in the Ruhr and Saar should be given a chance, but that so-called newcomers should also be given the opportunity to make acquisitions. He indicated that Steinbrinck had expressed personal wishes in this direction and that he probably had Longwy in mind.
9.) Mr. Reichert was not aware whether, apart from Otto Wolff – Ougree, any other orders of a similar nature were in progress on the part of our German companies.

16) *File note Pon Fritz Pom Bruck Pom August 22, 1940*

Detailed consultation between Director General Tgahrt and Dr. vom Bruck and General von Hanneken on 22. 8. 40

The following is particularly important to note from the conversation:
I. Lorraine questions:
1.) Körner letter
When Mr. Tgahrt raised this question, Mr. von Hanneken explained that he had expected this discussion and would have raised it on his own initiative if we had not done so. He was aware of our wishes regarding Lorraine from the memorandum we had presented to State Secretary Körner. Mr. Tgahrt corrected that this was not a memorandum, but a short private letter from the undersigned, which had been drafted at the instigation of the former on the basis of a verbal conversation between Mr. Körner and the undersigned. Mr. v. H. said that it would have been more appropriate to contact him, because he would have to forward the proposals to the Reich Marshal, and he was on such good terms with State Secretary Körner that he would always be informed immediately of all proceedings. He had considered whether he should regard our actions as a violation of his decree in this regard, but had refrained from taking any measures, since – as he said – we were in very good company in this respect. At the end of the discussions, which were conducted in a thoroughly friendly manner, Mr. v. H. asked u s t o always contact him directly in future; he would be available to answer any questions we might have at any time.
Tg. explained that we were somewhat in the dark about the whole situation, as we had not been able to get a satisfactory overview of the whole situation. For us, the acquisition of a smelter in Lorraine would be a vital question, in view of the otherwise occurring shifts in competition vis-à-vis those companies that would acquire property in Lorraine. v. H. replied that this concern was understandable in itself, but unfounded, because it was not written anywhere that Hoesch should not be considered with regard to its wishes.
2.) Mr. Poensgen had received the order,
a) to draw up a suitable proposal for a division of the metallurgical property and ore mines in question according to organic criteria, and

b) to get in touch with the individual plants in order to determine and clarify their respective wishes and to reconcile them as far as possible. He had installed Mr. Poensgen as a kind of "tea strainer" so that he would not have to intervene in the preliminary stages of the negotiations.

3.) First and foremost, the previous ownership structure would be taken into account in the redistribution. Tg. replied that we had not previously owned any huts in Lorraine and that we would then be at a disadvantage, which we wanted to avoid at all costs. v. H. replied that about 14 pits were planned and that there would therefore be one pit left for us. As far as compensation was concerned, however, they seemed to be inclined to compensate the former owners for any damage caused by the

compensation at a more favorable price.

4.) Arbed would not be an option for us or any other single plant. It should be retained as an independent company in view of its excellent export organization. The French ownership would of course have to be transferred to the German ownership, with a joint takeover being considered.

5.) We took note of these statements and explained to Mr. H. that the Arbed proposal had been a private proposal of the undersigned, that our official wish was rather in the direction of the Longwy Group, as we had already stated alternatively in the letter to Körner and also in the statements to Mr. Reichert.

would have.

6.) The question should be examined as to whether it might not be appropriate to give the Frenchman

to retain a minority shareholding of around 25%. On the one hand, this would make the acquisition cheaper for the German plants, and on the other hand, it might persuade the French to refrain from rebuilding the iron and steel industry in Normandy.

7.) The Otto Wolff Treaty, to which Tg. referred, had been approved by him without hesitation, as it would only come into force after the end of hostilities. Tg. pointed out" that this paved the way for similar actions in Belgium, against which

v. H. raised no objection.

II. Upper Silesia

1.) Mr. v. H. then touched on the Upper Silesian question. He was surprised that there was so little interest in the East on the part of the Ruhr. The only company that had decided to expand its interests in the East in a generous manner was Krupp. Krupp would invest 100 million in Upper Silesia.

Flick, on the other hand, was now withdrawing from Upper Silesia after his claim to the Bismarck Ironworks had been rejected with reference to Krupp's priority.

Tg. referred to the poor condition of the Upper Silesian works, of which the Bismarckhütte was still the relatively best, and to the enormous investments required as a result.

2.) The undersigned then addressed the question of Trzyniec. Contrary to all previous rumors, v. H. answered the undersigned's question as to whether Trzyniec was definitively intended for the Reichswerke in the negative. The Reichswerke would not receive Trzyniec. No assurances or agreements had been made with any other party regarding Trzyniec. Our question as to whether Trzyniec could possibly be acquired by us was answered in the affirmative.

v. H. absolutely. He would support us in these endeavors all along the line. Tg. declared that we had a serious interest in this question and that we would immediately give it our full support.

would be approached. For this purpose, there must of course first be the possibility of an inspection. v. H. asked to contact former Lord Mayor Winkler for this purpose,

<lern Head of the Treuhand-Haupttelle Ost, Berlin, with reference to our conversation.
Tg.'s objection that we could only consider acquiring Trzyniec if it opened the way for us to acquire a Lorraine hut, to which we had no access.
H. responded with the express assurance that this was not the case and that, provided our financial strength could bear it, nothing would stand in the way of the acquisition of a Lorraine hut next to Trzyniec.
We h a v e decided that the inspection should be carried out as quickly as possible and
We will then approach v. H. with concrete proposals.
3.) In this context, Mr. v. H. indicated that he doubted the possibility of acquiring smelters for some works for financial reasons. Thus
<loch Krupp is unlikely to have enough financial strength to acquire a smelter in the West given the strong interest in the East.

III. Ore distribution

1.) Mr. v. H. briefly presented the facts of the case. Mr. v. H. explained that he was in complete agreement with us in that the allocation of poor German ores had to correspond exactly to the percentage of the total allocation and that no special position should be given to poor German ores.
b e granted for special ironworkers. He regretted that such questions could not be settled in a decent manner among the \Verke seihst and recommended another attempt to reach an agreement. Tg. agreed to this, but pointed out as a precaution that in the event that such an agreement could not be reached, he would contact him with the request to mediate. v. H. agreed to do so.
2.) Tg. pointed out that the question of the distribution of poor German ores only takes on its full significance if it is linked to the allocation of scrap. By increasing the smelting of poor German ores and reducing the allocation of steel, the economic disadvantage compared to the better-off would increase accordingly. v. H. recognized
<las the unsatisfactory nature of such a situation. He thought it should be considered whether an equalization fund should not be created for all plants, including the Reichswerke, which had already approached him once with this in mind. Tg. certainly a g r e e d w i t h the idea of an equalization fund, but considered it more expedient to limit it to the Ruhr.
3.) v. H. complained in this context about the lack of initiative and regrettable one-sidedness of Mr. Poensgcn and Mr. Reichert. He pointed out that, for this reason, questions were brought to the :\linistry for a decision which should actually be dealt with in the context of
<industry itself would have to be controlled. If the ministry then makes such decisions
If companies were to make the right decisions, they would later complain about the increasing bureaucratization. The blame for this lies primarily with the short-sighted behavior of the entrepreneurs themselves. Nothing is more important to the Ministry than useless regulation.

l Y. Future iron position

L) The announced requirements of the Wehrmacht for peacetime were even greater than the current war requirements. In addition, very large quantities of iron would be needed for a huge construction program. A shortage of iron and steel could therefore be expected for the foreseeable future.
2.) For this reason, a reduction in iron and steel production was unthinkable. Especially in view of the fact that the Hurgish-Lorraine ironworks would be available in the future, as there was an obligation to cover the iron requirements of the whole of Europe.

17) Circular letter from the Iron and Steel Industry Economic Group to the members of the Economic Group's Advisory Board dated September 7, 1940

On behalf of our Mr. Economic Group Manager we would like to inform you :
"Further to the circular letter of July 26, 1940, the head of our economic group, General Director Dr. Ernst Poensgen, submitted his proposal on September 5, 1940, to Lieutenant General von Hanneken regarding the consolidation of fields in Lorraine and the creation of new 'verksgruppen'. This report1 is currently being copied and will then be forwarded to you. Lieutenant General von Hanneken has thus
He agreed that interested parties for ore mines and smelting works should now contact Mr. Poensgen. He has asked Mr. Poensgen to expressly point out that the acquisitions can only be made for an appropriate payment, and further to point out that, according to current experience, the cost prices for minette as well as for pig iron, crude steel and steel products will rise considerably compared to those before the war.
As Mr. Poensgen is going on vacation these days, the expert reports will be sent to you by Mr. Bergassessor a. D. Villing, Dortmund, will send them to you. \We kindly ask you to send him any requests you may have until Mr. Poensgen returns."

18) Memo from Fritz vom Bruck dated October 22, 1940

From the meeting between Mr. Tgahrt, Mr. Lipp, Mr. vom Bruck and Dr. Küttner on 21. 10. 1940, the following should be noted:
Dr. Küttner's assignment is geographically limited to the entire l\linette region, i.e. it does not include the other industrial districts of northern France.
I. Pits
With a limit of 28% for calcareous ores and 30% Fe for siliceous ores, Dr. Küttner arrives at a total quantity of around 6 billion tons. This is based on the assumption that the seams are mineable to between 1.3 and 1.5 meters. Of these ore reserves, around 3.4 million tons are earmarked for the smelters in the Minette area. A further 670 million tons of reserves are to be reserved for the Saar smelters. Community ownership has been considered for a further 770 million tons. So far, however, Dr. Küt t ner has not found any support for such joint ownership from any of the other parties. The last word on the division has not yet been spoken. -A further 470 million tons or so are intended as a reserve and will possibly be made available for the expansion of existing smelters or the construction of new plants, or where it later transpires that the division has not done justice to the production conditions. About 650 million tons would then remain. This is property that has not yet been allocated. The Ruhr works, Belgium and part of northern France are to be distributed from the Community property. Not to be considered against

1 The "expert opinion" has not yet been found; it is probably largely identical to Poensgen's draft of July 19, 1940 (see document 11).

Ilsede, Flick and the Reichswerke. In addition, the smelters in the Minette district are to supply their owner works on the Ruhr with surplus ore from their own ore reserves.
The ratio of siliceous to calcareous minette is almost exactly 50:50. Good calcareous ores have been found again on the western edge of the Nancy Basin. The mines destined for the Saar will also mainly be located in this area, as there is a good \water load from here to the Saar.

II. Cabins

1) Longwy (Mont St. Martin)

Mr. Tgahrt informs Dr. Küttner about the content of a long-distance call with Mr. Poensgen from the end of the previous week. Mr. Poensgen had asked him again whether he did not want to stay with Longwy and Chiers for Hoesch. He had seen from the listings that, contrary to our wishes, we were being considered for Rehon and Senelle. Mr. Küttner explained that this must h a v e b e e n a mistake on Mr. Poensgen's part. He, Mr. Poensgen, had of his own accord selected Hoesch for Group 1, i.e. for
Chiers + Rehon + Senelle proposed. For Group 2, which includes Longwy
he h a d suggested Mannesmann. Dr. Küttner had not the slightest doubt about this. Mr. Poensgen must therefore have been mistaken.
In this context, it was also possible to identify different opinions regarding the condition of the blast furnaces at Longwy. While Mr. Poensgen described this condition to Mr. Tgahrt as particularly good, Mr. Küttner considered it to be particularly bad.
According to Dr. Küttner, the remarkable thing about Longwy is the very extensive rolling program and the thoroughly modern equipment of the rolling mills. For this reason
Gauleiter Simon made the plan not to assign Longwy + Chiers to any of the large corporations. but to create an independent company here if possible, either as a jointly owned company or in the hands of a banking consortium. It can be safely assumed that Mr. Poensgen was already informed of the Gauleiter's plans to this effect at the end of last week.
We have not given up our claim to Longwy plus Chiers.
Gorcy is a small blast furnace plant with an annual output of around 50,000 tons.

2) Rehon and Senelle

Mr. Küttner calculates Rehon's crude steel capacity at around 415,000 tonnes per year and that of Senellc at around 360,000 tonnes. The crude steel capacity of both plants is therefore not insignificantly higher than that of Longwy.
The condition of the blast furnaces is on average slightly better than at Longwy.
The steelworks at both plants are satisfactory. At Senelle there is also a Martin mill with 2 furnaces of 50 tons each; there is scope for expansion. The rolling program hrider \Verke is not very extensive. At Rehon, an excellent and very efficient ingot mill should be emphasized. i\Ian could consider rolling part of Senelle's steel capacity in Rehon, provided that a cheap connection between the two mills is available.
\Verken can be produced. Mr. Küttner wanted to inquire about this. It is also worth noting that Rehon has a modern rail hardening plant and two modern strip mills up to 450 mm wide. Mr. Küttner was unable to provide anything noteworthy about the rolling mill facilities at Senelle.

It was agreed that Dr. Küttner would see Mr. Tgahrt again on Saturday of this week to give him some more information about his documents, which he did not have to hand at the meeting.

3) Reichswerke

At v. Hanneken's suggestion, Hagendingen and Moevern are intended for the Reichswerke. It is not certain whether the Reichswerke will be satisfied with this. Mr. Raabe asserts further claims with reference to the future

Reichswerke's share of total production of around 25%,

The two plants mentioned above have a capacity of around 1.3 million tons.

4) Röchling

In addition to the Karlshütte, Hayingen is planned for Röchling. Gauleiter Bürckel attaches great importance to the de Wendel property being broken up and not remaining in one hand. For this reason, Hagendingen and Hayingen are exchanged.

The third de Wendel plant, Joeuf, is completely obsolete and is to disappear. Joeuf's block road and wire road are earmarked for Homecourt.

5) After Gauleiter Simon's plan regarding Longwy became known

Mannesmann referred to Homecourt.

6) Flick has registered his claims for Rombach, one hundred percent. A participation by the Spaeter family or Konkordia would be out of the question for Flick. Mr. Flick explained to Dr. Küttner on Thursday last week that he was laying claim to the whole of Rombach, as he no longer had any claims in the east. I will come back to this later. In addition, Kon kordia and the Spaeter family, also independently, continue to lay claim to Rombach for themselves alone. We have informed Dr. Küttner that we had originally also considered Rombach.

Rombach is to be joined by Auboue, which is spatially distinct from the Rombacher Hütte and represents a good addition to Rombach.

7) Gutehoffnungshütte lays claim to Micheville and justifies this claim with the heavy program of this smelter, which would allow it to restrict its own expansion program. Dr. Küttner emphasized that GHH's claim was just as little recognized as the other claims asserted to date, and that Hoesch could therefore also assert a claim to Micheville. Mr. Küttner emphasized once again that Micheville had very good facilities throughout.

8) Kneuttingen is the undisputed choice for Klöckner,

9) likewise undisputedly Ückingen for Neunkirchen.

10) Pompey and Neuves Maisons are to be provided for Otto Wolff.

11) Pont-a-Mousson is to come to the Halbergerhütte in line with its production program.

12) Contrary to previous plans, the RWM now seems to be considering separating Burbach from the Arbed and uniting it with Dillingen and St. Ingbert. Gauleiter Simon, who wants to keep the Arbed together, is against this.

13) As is well known, Differdingen is intended for the Vereinigte Stahlwerke.

14) As already announced, the Athus, Rodingen, Raty with Saulnes and Hussigny and Villerupt plants are planned for the more recent growth.

Mr. Steinbrinck has asserted claims regarding Athus, Messrs. Faust and Hahl for Rodingen.

Saulnes + Hussigny have a pig iron production of around 180,000 tons per year. The
The blast furnace plant and the foundries are said to be good.

15) Whether and which plant is to be assigned to Krupp is still open. The RWM is of the opinion that Krupp cannot assert any interests in the West, as it will expand very strongly in the East. Krupp itself, on the other hand, is resolutely
claims in the west. So far, no smelter has been considered for Krupp. Should Krupp's claim be recognized, or should the Reichswerke be able to assert a larger claim, this would of course necessitate a complete regrouping.
In general, Mr. Küttner emphasized once again that final decisions had not yet been made, but would only be made following a decision by the Reich Marshal. He expected that the plan would soon be approved by the Reich Marshal and that the relevant proposals could be forwarded to the factories. There should then also be an opportunity for inspections.
He emphasized once again that his proposals, at the behest of v. Hanneken, were very much in line with the wishes of the two Gauleiters.
III.
As far as labor conditions in French Lorraine were concerned, Küttner admitted that they were difficult. However, he did not want to accept a difference between Longwy, Briey and Nancy in this respect. According to the RWM's plans, a processing industry was not to be set up in the Minette region.
IV. Mountain and huts
As already stated above, Mr. Flick had declared that he no longer wished to assert any claims in the east. As a co-shareholder of Königs- and Laurahütte, he had laid claim to this plant on condition that a certain amount of coal remained with the works. If, contrary to current plans, the Reichswerke were to relinquish the 2-3 coal mines in question, Mr. Flick would have to relinquish his
.\nclaims to Königs- and Laurahütte. In this case, Flick's claims to Trzynietz would not be raised. He had only considered Trzynietz as a replacement for Laurahütte.
Dr. Küttner's question as to whether Hoesch, if it received Berg und Hütten, would also have a claim in the West, was expressly answered in the affirmative by Mr. Tgahrt. Mr. Tgahrt pointed out that General von Hanneken had at the time asked us about Trzynietz and had expressly remarked that those plants that were interested in the East should be given special consideration in the West. This view was later confirmed to us again by Colonel John. Mr. Küttner seemed somewhat astonished by this, but took note of the information.

19) *Letter Pon Ernst Poensgen to Erich Tgahrt Pom October 23, 1940 with the attached list of allocation proposals Pon Poensgen and Küttner Pom October 18, 1940*

Dear Mr. Tgahrt,
There are two plants in Longwy that are located next to each other, like the Phoenix and Rheinische Stahlwerke used to be. When a 30 m long pipeline is made for the gas, they can work together like a \Verk. These are :
1) Societe Anonyme des Ilauts- Fourncaux de la Chiers in Longwy-Bas
2) Societe Anonyme des Acieries de Longwy in Mont St. Martin.

In the accompanying letter that I sent to Mr. von Hanneken with my expert opinion, I explained that technically these two works should actually be taken together, which I would recommend, but that I would refrain from doing so for the time being in order not to reduce the number of objects with the unknown number of reflectants.

I have now received information from Dr. Reichert, dated August 5, that Dr. Bruck has informed me that if Arbed is not available for Hoesch, your company is interested in S. A. des Acieries de Longwy in Mont St. Martin and in the neighboring plant of S. A. des Hauts Fourneaux de la Chiers in Longwy-Bas, i.e., in my opinion, in the two plants mentioned above. In my first proposal to Mr. von Hanneken, as mentioned above, I had not carried out the merger and had formed a Group I, consisting of: Chiers, Rehon and Senelle-Maubeuge with a combined capacity of 1 million tons, and this Group I was intended for your company. But after I heard from Dr. Küttner that he, for his part, was in favor of merging these two plants into one group, I told him that this would be a suitable object for Hoesch.

I then drew up a list for the meeting with Dr. Küttner, in which the proposals for the allocation were listed once according to the Poensgen proposal and once according to the Küttner proposal. I have found a copy of this list, which was drawn up on the 18th of this month, which I enclose as an appendix. As you can see, I have included Chiers and Mt. St. Martin here for you, while Dr. Küttner had selected Senelle-Maubeuge and Rehon for you from my first proposal. Küttner and understood that your wishes were for this combined group, whereas today you told me that you were only referring to the S. A. des Acieries de Longwy in Mont St. Martin, whose combined pig iron production with G orcy is only about 550000 tons.

I have given Dr. Küttner a carbon copy of this letter.

Yours sincerely, Yours sincerely

[Attachment]

Proposals for the allocation of ironworks in Lorraine, Luxembourg and southern Belgium

Ong oing	Applicants	Poensgen proposal	Küttner proposal
	Krupp	Hagendingen	?
1	Flick	Rombach	Rombach
2		Homecourt	Auboue
	::\lannesmann	a) Mont-Saint-Martin	Homecourt
3		Gorcy	(Joeuf
		b) Homecourt	
		Joeuf	
		requested	
	Hoesch	Chiers	Senelle
4		Mont-Saint-Martin	Rehon

Current	Applicant	Proposal Poensgen	Proposal Küttner
5	Gutehoffnungshütte	Micheville	Micheville
6	Kloeckner	Kneutingen	Kneutingen
7	Concordia	Rombach	—
8	Steelworks	Differdange incl. Rümelingen and Oettingen	Differdange
9	August-Thyssen-H. Trade Union	Hagendingen	—
10	Rhine steel	Mine fields	—
11	Otto	WolffÜckingen	Pompey-Ückingen Neuves Maisons
12	Dillingen	?	?
13	Röchling	Karlshütte	Karlshütte Hayingen
14	Burbach	?	?
15	Halberger	HüttePont-a-1\fousson Auboue	Pont-a-Mousson
16	Reichswerke	de	Wend elMövern Hagendingen
17	Arbed	self-employed	self-employed
18	Fist/Hahl	Rodingen (or Athus)	Rodingen
19	Steinbrinck	Rodingen (or Athus)	Athus

20) *Letter (summary letter) from the Reich Minister of Economics to Ernst Poensgen, head of the iron-making industry economic group, dated February 21, 1941* [1]

Subject : Ironworks in Lorraine and Luxembourg

The Reich Marshal of the Greater German Reich has ordered, on the basis of the proposals of the Commissioner General for Iron and Steel Management, that the ironworks in Lorraine and Luxembourg are now to be transferred into responsible hands and are to be supervised, managed and operated on their own account by individual persons or companies of the iron and steel industry suitable for management on behalf of the Reich. These trustees shall]] be given the opportunity, after the occurrence of peaceful economic conditions, to acquire the \plant operated by them by purchase, unless a change in circumstances occurs due to corresponding circumstances. The entrepreneurs must undertake to

1 This decree on the final distribution of the Lorraine and Luxembourg steelworks is not entirely consistent in context with the original version of January 31, 1941 (printed in : *Case 5*, p. 245ff.).

The Reich shall not be entitled to sell to third parties, either directly or indirectly, all or part of the property acquired by them without the consent of the Reich.
The following have been appointed as trustees:

for Lorraine :

	Plant	Previous owner	Trustee
1)	Karlshütte	Hauts Fourneaux et Acieries de Thionville	Röchling'sche Eisen- und Stahlwerke GmbH Völklingen/Saar
2)	Kneuttingen	Societe Metallurgique de Knutange	Klöcknerwerke AG Duisburg
3)	Ückingen	Forges et Acieries de Nord et Lorraine	Neunkircher Eisenwerk AG vorm. Gehr. Mute Neunkirchen (Saar)
4)	Rombach	Societe Lorraine des	Fried. Flick KG
5)	Machern	Acieries de RombasBerlin	W 9 Bellevuestr. 12 a
6)		HayingenLes Petits-Fils de	Reichswerke Hermann
7)	Mövern-RosslingenF	. de Wendel et Cie.	Göring under Education a special dept. Lorraine
8)	Hagendingen	Union Consommateurs de	
9)		SafeProduits Metallurgiques et Industriels (U. P. M. J.)	[,,]

for Luxembourg:

1)		RodingenSociete Anonyme d'Ougree-	Dr. Faust Marihayeand Hahl in community
2)	Differdange	"Hadir" Societe des Hauts	United Steelworks
3)	OettingenFourneaux	et Acieries deAG Differdange-St. Ingbert-	, Düsseldorf
4)	Rümelingen	Rumelange	
5)	St. Ingbert rolling mill	"	AG of the Dillinger Metallurgical plants Dillingen (Saar)
6)	Esch-Schifflingen	"Arbed" Acieries	The company remains
7)	Belval	Reunies de Burbach-	as a self. Soc.
8)	Red Earth headquarters in Luxem-		Eich-Dudelangewith its
9)			Düdelingenburg while retaining
10)			German version of the designation
11)	Dommeldingen		"Arbed", but retained under the introduction of a German company name
12)	Burbach	"	The Burbacherhütte becomes independent subsidiary based in Saarbrücken-Burbach.

I have asked the heads of the civil administrations in Lorraine and Luxembourg to appoint the above-mentioned trustees for their areas immediately, so that the favorable consequences for production that can be expected from a clear delimitation of responsibility can occur as quickly as possible.

The draft of the operating contracts to be approved by me and the subsequent evaluation of the plants are to be carried out by a committee of experts with the participation of the relevant authorities. As chairman of the aforementioned committee, I have appointed a proven and recognized expert in the iron and steel industry, the metallurgical director Dr. ing. E. h. Hugo Klein, Member of the Board of Hütten werke Siegerland AG in Siegen, Hindenburgstr. 5-7, who has already led commissions of the Iron and Steel Industry Economic Group to assess iron and steel works in the Ostmark and Upper Silesia. I would ask you to nominate a representative of your group for this commission as soon as possible. It is important to me that a representative be named who works full-time for you.

21) Letter Pon Erich Tgahrt to Alfred Kurzmeyer [1] Pom *May 8, 1941 with the attached memo Pon Tgahrt* Pom *May 8, 1941*

Dear Mr. Kurzmeyer,

For your confidential information, I am enclosing my dictation of my conversation with Mr. von Hanneken on 2. 5. 41. As I h a d dinner with Mr. von Hanneken and Mr. vom Bruck, the whole conversation was of a private nature. Naturally, it also covered many other areas. For example

the question was raised as to whether one could underpin one's wishes vis-à-vis RWM by acquiring shares in a company. Here, too, Mr. von Hanneken took an evasive position. I must assume that the decisions on the allocation of steelworks are largely beyond Mr. von Hanneken's control, so that he does not see himself in a position to m a k e any promises or even to h o l d out any real prospect of doing so. Nor could Mr. von Hanneken's reluctance be overcome by the suggestion that, even if we did not own an old iron and steel works, w e could at least make legitimate claims for consideration through our pro rata ownership of the Loth and Normandy mines, because the restoration of the mine property would not be possible as a result of the envisaged new regulation. At the same time, I believe I have every right to be convinced that he is not in any way opposed to Hoesch or its administration.

I have now r e c e i v e d the documents from Mr. Moise about Delfoyc-Matthieu. Although, according to the description, these are most probably quite old works which can only be repaired at great expense and for which the raw material basis is also missing, I telegraphed Mr. Moise today that we would be prepared to send two experts to inspect them and provide an expert opinion. Of course, we would then also send the report to Mr. Moise. If the acquisition of the majority is of no interest to us, we will inform Mr. Moise un-

[1] Director of Deutsche Bank.

immediately by wire so that he can still take the opportunity to make efforts in the direction he has in mind.
The military commander has invited about 20 leading gentlemen from industry to Brussels for lectures and dinner on May 10. I am going to Brussels by car with Mr. Ernst Poensgen on Saturday morning and will probably return on Sunday. I hope to be able to reach you on the telephone before then.
Yours sincerely, Your very devoted

[Attachment]

Subject: Conversation with General von Hanneken, together with Mr. vom Bruck, on Friday, 2. 5. 1941

I told Mr. von Hanneken that two facts had prompted me to ask him for this meeting at short notice. I n the recently published annual report of Mannesmannröhren-Werke it was pointed out t h a t the crude steel production of the 1[annesmann plants was not sufficient to supply the company's own rolling operations and that therefore additional capacity of several hundred thousand tons of crude steel had to be created. This clever hint indicated that Mannesmann intended to justify i t s claims in the \Vest in particular with this need to expand its crude steel capacity. At the same time, I had learned that Mannesmann already had a technical and a commercial manager on its staff at Homecourt to manage this plant. This in turn indicated that the Ministry might be inclined to respond to Mannesmann's wishes.
If the subsequent demarcation of the border with France were to make it possible for us to obtain a plant for ourselves in accordance with our wishes, and in accordance with our suggestions, preferably Rehon with the capacity to expand to 600,000 tons of crude steel, then I could wish for nothing better than that ﬠfannesmann were also satisfied. However, since there was reason to assume t h a t the border would be drawn in such a way that Rehon could not come into our possession, I renewed the wishes I had already expressed several times that in this case we should be granted a 500-foot share in Miche ville, and if Micheville should not come into the empire either, a 500-foot share in Homecourt. The fact that this \Verk and Jreuf, even if outside the old imperial border, would be included in the German border area was to be assumed with the greatest \probability.
On this occasion, I asked if Jreuf was still free. Originally there had been talk that Jc:euf was in such bad shape that it was not worth keeping it as a plant. In the meantime I had heard from Dr. Vosgerau, who had represented the steelworks association in Metz for several months, that Jreuf was not in such a sad state that it could not be put in order by more or less normal means. I had also heard that Röchling had recently laid claim to Jreuf. Mr. von Hanneken explained that Jreuf had belonged to the entire estate of de Wendel and therefore now also belonged t o t h e entire estate of Reichswerke Hermann Göring, Westmark Division.
In response to the first \Vunsch, Mr. von H anneken evasively remarked that
it would always be better to have a one hundred percent shareholding than a fifty percent shareholding.

to have. He was personally of the opinion that the situation would develop in such a way that we would get our own plant. Besides, he said, there was still the possibility of attempting to acquire a plant through free negotiation with the French or Belgians. If Mr. Galopin, with the works under his control, would probably not be open to such negotiations, Baron de Launois of Ougree-Marihaye would, as is well known, be more amenable in this area. I explained to Mr. von Hanneken that we had no relations with the latter. Apart from that, the mood with this gentleman would certainly not be very favorable for renewed negotiations in this area due to the removal of Rodingen for Mr. Faust and Mr. Hahl. And finally, there were also older relationships between Otto Wolff and the Ougree Marihaye Group. If we were to have our own plant, we would certainly prefer that too. A 500-foot stake in Micheville or Homecourt would only be an emergency measure for us if we were unable to acquire 100% of the shares, but it would also be of the utmost importance. The decisive factor would always be which plants were located within the German Reich border.

According to Mr. von Hanneken's very cautious attitude, there is a danger,

that we would come away empty-handed if only I\licheville and Homecourt, or even only Homecourt, were to join the Reich. Under these circumstances, it seems right to me to submit in writing to the R,VI\f our wishes for a 500-foot share in one of these works in the event of the impossibility of acquiring one hundred percent of a smelter in the west, and to examine what other ways are still feasible to underpin our claims.

22) Letter from Hoesch AG to the Reich Ministry of Economics dated May 16, 1941

Concerning the acquisition or participation in a hut in ,Vesten

We refer to our various verbal discussions and take the liberty of once again expressing our \Vunsche in writing.

The :\possibility of allocating smelters to companies in heavy industry that have not yet been considered depends on the political demarcation between Germany and France. The Führer's decision and the agreement with France on this question are still pending. If this border demarcation should allow it, we have the desire to acquire the Rehon plant entirely for ourselves with the right to expand to 600,000 tons of crude steel per year. If Rehon should not be included in the <lcutsC'he border, but the Micheville or the Homecourt border should become part of Germany, we have the wish to receive a 500-foot share in either the Micheville or the Horriecourt border.

To justify this, we would like to repeatedly point out that the acquisition of a smelter in the west with the allocated ore property by us is of vital importance for our future, because without such an acquisition our competitiveness would be severely impaired compared to the more fortunate companies in the narrower Ruhr district.

In this context, we would like to point out that until the end of the Yelt War, we worked on the Jarny and Reichsland mines in Lorraine and Saint Andre, Bully and Maltot.

have been involved in Normandy. Since, as a result of the intended reorganization of mine ownership in the eastern French basin, it is obviously not to be expected that we will be able to enjoy the benefits of our former ownership again, we believe that we can derive from this the wish to be given preferential treatment with regard to the acquisition of a smelter or a half share in a plant. We confidently count on your understanding for our application and the fulfillment of our request, should there be any possibility at all. Heil Hitler!

III. Carl Zeiss Jena

Memorandum by Karl Albrecht,
General Manager of the Precision Mechanics and Optics Economic Group, July 19401

Development opportunities
the optical and precision engineering industry in Europe and overseas

1. General discussion of future development opportunities

The German optical and precision engineering industry is a world leader and accounts for by far the largest share of global exports of optical and precision engineering products. Added to this is the fact that it probably has the largest domestic sales of all optical and precision engineering industries[2], which means that has by far the largest capacity.[3] It gained its superior position on the basis of scientific research and development work, combined with technical precision work and exact production control. A significant influence on its development was also exerted by the fact of optical glass production in Germany, which was promoted by the state at the time of its creation, not least for military policy reasons.[4] Apart from Germany, the following countries are considered to be production countries for optics and precision mechanics:
France, Great Britain, Italy, USA, Japan.
Of these industries, those in France, Great Britain and the USA have generally developed naturally, while in Italy and Japan - and this applies primarily to the optical industry in the narrower sense - where optical production facilities also exist in other countries, political or defense policy considerations have mostly formed the basis for development. The experience of the

1 Betriebsarchiv des VEB Carl Zeiss Jena, No. W 54 – The memorandum was prepared by the management of the Precision Mechanics and Optics Economic Group, which was completely controlled by the Zeiss Group. It corresponded to the "General Part" of the "Reorganization" programme drawn up by the IG Farben Group (see Appendix I) and was also drawn up at the same time as separate "Reports" on the individual countries. The marginalia on the original memorandum were written by Paul Henrichs, Head of the Economic Group and Managing Director of the Zeiss Group, and are included in the text and in the notes.
2 Marginal : at present !
3 Marginal : USA
4 Marginal : insufficient glass types?

The Great War of 1911-1918 triggered a quest for the greatest possible self-sufficiency in armaments in many countries.
The extent to which the manufacture of armaments optics in Europe outside Germany can be described as politically desirable or undesirable will be decisive for the future development of the situation. To the extent that such an interest on the part of Germany cannot be recognized as justified by other countries or that Germany wishes to exclude the continuation, establishment or further development of optical armaments companies in other countries for reasons of defence policy, this will result in a number of problems for Germany.
experience since 1918 provided certain guidelines for effective exertion of influence. As is well known, the Versailles regulations for the German optical industry included a ban on the manufacture of military optics for its own or foreign use. Only the Carl Zeiss company was permitted to manufacture military optics to the small extent required by the 100,000-man army. If the Nederlandsche Instrumenten Companie (Nedinsco) had not been founded in Venlo at that time, which was able to work under licenses from Carl Zeiss and had the possibility of supplying the various countries of the world, it would not have been possible for Carl Zeiss to carry out the development work in the military optics field, including the field of anti-aircraft devices, which now in turn contributed to the superiority of German military optics.
have led to this. If the German optical industry had not had the possibility of unrestricted development in its civilian production for sales at home and abroad, then there would have been no production capacity of even reasonably sufficient size for German armament in the optical and precision engineering field.
This realization makes it necessary to deny future optical armaments companies the right to exist wherever this is necessary for political reasons,
measures to prevent migration to other countries and a changeover to other countries.
on civil production is excluded. Suitable measures for this are provided later in this document. A particularly important control option
The main reason for the development of the optical industries in the various countries is the availability of optical glass.[5] In the following, we will therefore also briefly discuss the optical glassworks in Germany and abroad.
Given the need for Germany to continue to export overseas even after the creation of a European economic area, the German optical and precision engineering industry will primarily be called upon to devote itself to this overseas export at least to the same extent as before the outbreak of the current war. Outside Europe, it will have to reckon with the Japanese optical and precision engineering industry essentially only in the Japanese sphere of influence. It will face serious competition in the world from the American optical and precision engineering industry.[6] It will therefore be important to keep it competitive. With its qualitative superiority, it will only require the principle in Europe that German optics and precision mechanics are offered the same starting conditions in all countries of the European region as the local industry of the individual countries in order to secure such a market share in this region without state support or preferential treatment that it can compete with the production possibilities of American exports.

5 I\larginals: ?
6 Marginal: France in individual sectors. England in English colonies, apart from individual specialties

The result will be a natural superiority in the world, provided that the most important production costs, i.e. the wage level, are equalized and artificial changes in the cost basis through currency manipulation are prevented.

The further elaborations will contain proposals for achieving and ensuring a level playing field for the optical and precision engineering industry in Europe.

If this kind of superiority of the German optical and precision engineering industry in Europe leads to a decline in the other optical and precision engineering industries, then such a development is definitely in the direction of a desirable division of labor in the European industrial economy. In terms of capacity, the German optical and precision engineering industry is in a position to meet European demand and at the same time to export overseas, not least thanks to the expansion of operations carried out in the course of rearmament and the war economy. Those countries that created an optical and precision engineering industry mainly for military reasons were usually forced to support such companies financially and also to impose tariffs, quotas and similar import restrictions in order to protect their own industry.

to grant a "handicap". The abolition of these tariffs in the individual countries and the removal of other import barriers to German products[9] would, in the

If Germany were to demand the restriction or elimination of armaments production, this would prevent the companies located in these countries from converting to civilian production. Such a goal can be achieved without having to discuss the question of a customs and currency union in Europe, because the German optical and precision mechanical industry is prepared, on the basis of reciprocity, to waive any customs protection or other import barriers for the European area. It wants to prove that it is serious about the principle of not demanding any preferential treatment and refusing any subsidies, and it wants to

In addition, this would provide the German government with a means of implementing measures that are likely to be expedient for defense policy reasons without prematurely discussing fundamental issues of monetary and customs union.

2. Measures for the treatment of optical armaments factories in countries coming under German influence

In principle, all optical armament factories should be treated in the same way as armament factories in the arms industry. If this means that they are to be shut down or dissolved, the following aspects appear important to ensure these measures:

1.) The previously employed skilled workers, technicians and scientists are not allowed to emigrate to other countries.

2.) The special machines and control instruments used up to now may not be delivered to other countries (this includes in particular surface grinding machines, circular and length dividing machines, optical control instruments).

7 Marginal insertion: have resp.
8 Marginal insertion : at the same time
9 ;\larginal insertion: compared to German products

3.) It must be made impossible to participate in identical or similar operations in other countries, as well as to set up new operations in other countries.
4.) Conversion to civilian production must be prevented. Likewise, existing companies with civilian production must be examined individually to determine the extent to which they should be converted to armaments production in a serious case.
5.) Any commercially valuable patents and any secret processes10 relating to armaments must be expropriated.
If a decision is taken not to eliminate the optical armament factories in the individual countries, measures should be taken to ensure that these companies only manufacture armament equipment to meet the needs of their own country.11 Their complete elimination on third markets should be demanded. As this results in the need to reduce operating capacity, the following measures must be taken
The same measures 1-5 apply mutatis mutandis as in the case of the elimination ng_{gu} of such companies were proposed.

3. The optical glassworks

It has already been pointed out that the great development that the German optical industry has undergone for decades would not have been possible without the production of suitable optical glass. At_{gr} and the experiences of the 1870/71 war, the then Prussian state provided financial support for the establishment of the Schott & Gen. optical glassworks in Jena, Thuringia, for reasons of military policy. In order for an optical glassworks to operate profitably in the long term, it must have a capacity that is practically so large that it i s able to meet the demand for optical glass throughout the world.12 It is characteristic that the production of optical glass is operationally linked to the melting of other technical glasses.
is. Only an optical glassworks operating on the broadest basis can produce the variety of glass types required by the highly developed optical industry and can also carry out further development and research itself. The concentration of the production of high-quality optical glass under one roof in Germany has proved its worth and is no coincidence. Temporary attempts to create and continue other glassworks on the side in complete independence have ultimately ended in a unification under one roof. Where optical glassworks exist abroad, essentially the same development can be observed. In Germany, political considerations have led to optical glass being melted in geographically separate areas. The scientific-technical and operational-economic requirements could be met by overcoming the geographical separation through uniform management. There was no danger of monopolistic tendencies in the National Socialist state. For the future development of optics and precision mechanics in Europe, control of the
deliveries of optical glass abroad, which would have to be combined with a ban on deliveries to individual countries.13

10 Corrected from: Patents, in particular secret processes
11 Corrected from: only produce armaments for the needs of your own country
12 Marginal : ? it must be guaranteed adequate production and sales
13 The sentence was subsequently deleted from the original.

The following glassworks exist outside Germany:

1.) France

Societe Anonyme des Etablissements
Parra-:.\fantois et Cie, Le Vesinet

In earlier years, this glassworks endeavored not only to cover French demand, but also to export to Italy, Switzerland, Poland and Hungary. It was displaced from these countries by German optical glass. It is the most important foreign optical glassworks. Its quality is good, but does not reach that of Jena glass. At the outbreak of war, the French government issued an export ban on optical glass.

2.) Engf.and

a) Chance Brothers and Company, Ltd
Glass Works, Smethwick/Birmingham

The smelter covered the needs of the British optical industry. Export deliveries were generally not made. It is regarded as the second most important foreign glassworks.

b) Barr & Stroud Ltd, Glasgow

The company is one of the most important English optical precision workshops. It also tried to produce optical glass for its own needs. However, the majority of its requirements are again sourced from Chance Brothers and Company.

3.) USA

a) Bausch & Lomb Optical Co., Rochester, N. Y.

Before the World War, this most important American optical factory purchased the glass it needed from Schott & Gen. in Jena and switched to producing its own glass during the war. The glassworks was expanded. It supplied not only its own factory, but also the other American optical factories. Its quality is considered good.

b) Bureau of Standards, Washington D. C.

This is a government laboratory where various types of glass are melted for the American government. It is essentially an experimental station that was created during the World War and is now maintained so that the USA is independent of foreign countries.

4.) Japan

Up to around 70% of Japanese demand for optical glass was covered by Germany until 1939. The remaining 30% was produced in Japan itself.

5.) Italy

a) Istituto Sperimentale per lo Studio e
l' Applicazione del Boro e del Silicio, Florence

This glassworks produces around 20 different types of optical glass. The quality has made progress, but still lags behind that of French and English glass, not to mention German quality.

b) Laboratorio di Precisione, Rome

This is a government laboratory created for military reasons. The glass quality is said to be low.
Neither glassworks is able to meet Italy's demand for optical glass. German glass has been replacing French supplies for years.

6.) Russia

a) Lenzos, Leningrad
b) Izos, Isjum

The Leningrad smelter works for the needs of the Russian army. The smelter in Isjum for the needs of the Russian navy. The smelters are able to cover the entire Russian demand.
For reasons of defense policy, but also for economic reasons, it seems worthwhile to bring about a market regulation, at least with the European smelters, so that they only smelt for the country's own needs. It would probably be expedient to limit their capacity accordingly. This would ensure that exports of optical glass in Europe would only be possible from the German smelters. This export would have to be controlled in accordance with the planning for the development of the optical and precision engineering industry in Europe.14

4. Economic measures to ensure the competitiveness of the German optical and precision engineering industry in Europe and overseas

As already explained in the first part, the German optical and precision engineering industry considers it necessary to create the same starting conditions for German and local products in every European country, i.e. that the German industry

14 Marginal to the whole paragraph : good !

does not claim any preferential treatment or subsidies. It demands complete customs freedom in Europe and is prepared to grant this freedom to the REMAINING15 optical and precision engineering industries in Europe. It demands the abolition of all import restrictions in favor of its own industries, such as quotas, marking regulations and import bans. For its part, it also refrains from using such methods to ward off foreign European competition. It demands the elimination of all subsidies or preferential treatment of local industry, whether in tenders or on other occasions, i.e. that all regulations of the individual countries to cover their own needs exclusively be abolished.
or preferential use of so-called national products must be eliminated, just as state support for local industry must be prohibited. The
<For its part, the German optical and precision engineering industry also refrains from any German government measures of the same or a similar nature. The German optical and precision engineering industry continues to demand that all other European countries refrain from any kind of export promotion for the local optical and precision engineering industry. For its part, it also refrains from any price-influencing export promotion.
As the favorable development of exports of German optical and precision engineering products in
<The German optical and precision engineering industry is calling for the use of professionally trained representatives abroad for the production of industrial products.
The Commission is calling for an unrestricted right of establishment and unrestricted residence and work permits for members and representatives of its plants in European countries. Finally, it demands the facilitation of unrestricted repair traffic in such a way that customers in the individual countries can have any repairs carried out at the German manufacturing plants without hindrance.
By fulfilling the above suggestions, the goal of creating a level playing field would be achieved in principle. In order not to jeopardize this goal by other means, it must also be ensured that the starting conditions demanded by Germany are not shifted in favour of the individual countries through currency manipulation. Furthermore, it is required that the most important production cost factor, namely the wage level, be harmonized in such a way that the same wage expenditure is required for approximately the same output.
The creation of a level playing field should provide the basis for the desired development. In order to ensure this development, appropriate economic management will also be required in the future. To this end, the following measures are still considered necessary:

1.) Within Germany
a) Maintaining the ban on the emigration of skilled workers, technicians and scientists.
h) Fundamental ban on the export of important semi-finished products, e.g. loose optics of beaten parts for medical instruments, camera housings without optics, etc., and of special machines and control devices, e.g. optical surface grinding machines, circular and length dividing machines, optical control devices, etc.
Any exceptions to the 1measures under a) and b) may only be made with the consent of the Economic Group.

15 I\larginal insertion: any remaining

2.) Steering development in the other European countries

a) In principle, participation of the economic groups in similar economic organizations in other countries; if necessary, formation of such organizations as a steering body.

b) Financial participation of German companies in efficient plants in foreign countries1-.

c) Ban on construction and expansion for the optical and precision engineering industry in the individual European countries. Exceptions to this only with German approval.

d) Competition agreements with the relevant industries in European countries for their own markets as well as for third markets, formation of international cartels, agreements on quotas, market sharing, etc.

3.) Measures in the Protectorate of Bohemia and Moravia

In order to ensure the desired development, it seems impossible to maintain the self-administration of the optical and precision engineering industry in Bohemia and Moravia. The current form of cooperation between the organizations of the Reich and the Protectorate does not ensure uniform control.

With regard to the two most important and largest Protectorate companies in the optical industry, Srb & Styss, Prague [and] Opticotecna, Prerau, it should be examined to what extent the former is still of interest to the German Wehrmacht in the future; it should be used exclusively to cover the needs of the German Wehrmacht or be dissolved. The second company, which has always been active exclusively in the field of armaments optics, should be restricted to this field and, insofar as this company should continue to be permitted to supply foreign governments, should be placed directly under the control of AG K16 Berlin, Meldestelle 5 a-c.

5. The optical and precision engineering industries in the individual European countries

Please refer to the special presentations that have been prepared for the individual European countries. The wishes and suggestions contained in the above general explanations apply in principle to each of the countries presented. Therefore, in the individual country presentations, only those wishes and suggestions are given that arise from the particular situation of the individual industry in the country concerned.

6. Summary

The aim of the above presentation and the reports on the individual countries is to :

a) to provide an overview of the individual industries and to show the importance of the German optical and precision engineering industry,

b) to emphasize the decisive military importance of the optical and precision engineering industry for Germany and the individual countries and, on the basis of German experience, to suggest measures which will enable the German political leadership to exert an effective influence on the development of the optical armaments industry in the individual countries,

16 AG K = Ausfuhrgemeinschaft für Kriegsgerät (at the Reichsgruppe Industrie) ; export cartel of German armaments companies.

c) to encourage such measures, which would strengthen the German optical and precision engineering Indu

trie to be able to develop its full potential on its own, both in the armaments sector and in the rest of the sector, and thus not only in the European market, but also in the global market.

German optical and precision engineering industry to secure its long-term superiority not only in Germany but also on the world market as a whole. It is assumed that, on the one hand, intensive export activity by the German optical and precision engineering industry will enable it to provide the German armed forces with sufficient capacity in the event of an emergency, and that, on the other hand, constant and intensive activity to cover the needs of the German armed forces and the possible armaments requirements of other countries will also increase the export capability of the German optical and precision engineering industry. In this context, it seems particularly valuable that the measures suggested to achieve the defense policy and economic policy goals complement each other and increase their effect. This leads to the conviction that the implementation of the proposed measures will fundamentally and definitively secure the desired development.

IV. Metalworking industry specialist group

From the annual report of the metal/,producing industry section of the metal industry economic group 110m February 1942 [1]

Open-plan economy

a) Greater European Economic Area

After the occupation of Norway, and especially after the defeat of France, the question of the future "Greater European Economic Area" came to the fore, whereby this was understood to mean the overall economy in "Europe (excluding England and Russia) including Africa". The two specialist groups, Metal Ore Mining and Metal Producing Industry, published detailed studies on the following countries and ore deposits in quick succession and forwarded them to official bodies and a number of member plants:

1) **Norway**
2) **Holland**
3) **Belgium**
4) **France**
5) **Copper ore deposits Boron**
6) **Lead and zinc ore deposits .Trepca**
7) **Copper ore mining in Northern Rhodesia**
8) **Lead-zinc-vanadium ore deposits in Broken Hili, Africa**
9) **Sweden**

A special paper prepared by the two specialist groups on the metal supply situation in the European metropolitan area (see the article dated August 20, 1940), which was submitted to the official authorities, gave rise to detailed discussions between our specialist group and the following authorities:

1) **Ministry of Economics**
2) **Imperial office for metals**
3) **Imperial office for soil research**
4) **Imperial Office for Economic Expansion**
5) **Metal industry economic group**
6) **Metallgesellschaft AG, Frankfurt a. M.**

' ' '
. . .

1 Company archive of the VEB Mansfeld-Kombinat "Wilhelm Pieck", [illegible] i s l e b e n , No. 1155 .

\u25a0letal circles

In August 1940, the head of the metal industry economic group, retired mining assessor Mr. Fitzner, suggested close cooperation between efficient companies for the purpose of generous planning in the field of l\metal extraction in the newly forming "Greater European Economic Area". The formation of metal circles under the leadership of recognized companies and specialists was proposed. The following metal circles were formed at a workshop on September 25, 1940:

Metal	Leading companies	Leader of the working
circle	Vereinigte Aluminiumwerke	groups Dr. Westrick –
aluminum	IG Bitterfeld IG Bitterfeld	Berlin
Magnesium	Mansfeld	Dr. i\loschel – Bitterfeld
Copper	Giesche	Bergassessor Klingspor - Berlin
Lead and zinc	Stolberg Preußag	Dr. Schulte – Breslau
Zinc :	Metallgesellschaft Sächsischer Staat	Bergrat Hast – Goslar
Lead :	Berzelius IG Farben Krupp Company for Electrometallurgy	Dr. Eisentraut - Altenberg Dr. Haefliger – Berlin Dithmer – Berlin
Tin Nickel	IG Farben Metallgesellschaft	
Steel refiner	JG Farben Sachtleben	Dr. Kissel
Sulphur pyrite		

\While the loose association of the metal circles did not make it possible to operate under the direction of a central office, and although this resulted in differences of opinion in various cases, the formation of the metal circles did make it possible to achieve certain From$_{gr}$ences of aligned interests among the competing companies achieved become.

b) Russia

The expansion of the war to the south-east, but especially to the east, initially led to a fundamental change in planning. The economic area of Russia came to the fore, Africa took a back seat. In order to provide the companies affiliated to the metal circles with an overview of the metal industry in Soviet Russia, we also produced a clear overview of Russia's metal supply, its metal ore deposits, mines and smelters for this economic area. The overview summarized below provides an insight into the Soviet government's expansion plans and shows the performance of the metal ore mines and smelters in 1938.

Metals in European Russia in 1000 tons

		Cu	Pb	Zn	Ni	Sn
1) Ore reserves estimate	1937	4000	820	1950	290	—
2) Hut capacities	1938	121	14	68	34	—
3) Metallurgical production (= mine production)	1938	82	9	55	8	—
4) Expansion plans until 1942		217	14	68	43	—
and later						

Metals in Asian Russia in 1000 tons

		Cu	Pb	Zn	Ni	Sn
1) Ore reserves estimate	1937	13000	4100	7350	90	?
2) Hut capacities	1938	70	100	26	—	—
3) Metallurgical production (= mine production)	1938	13	60	15	—	0,2?
4) Expansion plans until 1942		160	216	232	?	?
and later						

The above overview shows that, even if only the European part of Russia is considered, copper production after the realization of the expansion plans will amount to around 200,000 t
can also become significant for the "Greater European Economic Area". In the case of lead and zinc, the increase in production from 9,000 tons per year[2] to 14,000 tons per year jato Ph and from 55,000 jato to 68,000 jato Zn. The same applies to tin, which has not yet been found in European Russia. The situation is more favorable for nickel. Here, the increase in production from 8,000 tons per year to approx.
40,000 tons per year will make a significant contribution to improving the supply situation in the Greater European virtual economy.

Tasks of the future

Our member companies provided a large number of experts to work on the tasks arising in the field of ore and metal extraction in the greater European \economic area. With the expansion of the area to the east, there are still other important tasks to be solved, which require far-reaching planning and in which private interests will initially have to take a back seat. The Russian economy is currently a purely state-run economy. In the event of a possible transition to an organically structured private economy, especially if the metal industry is mobilized for the greater European economic area, new paths will have to be taken. Releasing proven organizers and specialists in the field of the metal industry, concentrating Greater German metal production on the most efficient companies and thus freeing up the best forces for the tasks of expanded metal extraction and production in significantly enlarged economic areas are tasks to which the responsible industry and specialist groups will have to devote themselves to the greatest possible extent. . . .

2 jato = tons per year.

V. Reichsgruppe Industry and Economic Groups

1) From the circular letter of the Reich Industry Group to the economic groups dated July 4, 1940 1

Subject : Foreign trade planning

In view of the great difficulties that arise in the preparation of the industry analysis by the economic groups, we have once again asked the Ministry of Economics for a meeting and reached the following agreements:

1. The industry analysis can initially be limited to the following countries: Denmark, Sweden, Norway, the Netherlands, Belgium, Luxembourg and France.

2. It has once again been expressly stated that the reports on industrial conditions in the individual countries must form the basis for the work of the \industry groups. Just as necessary, however, is a clear statement of the industry's interest. It is not necessary to take any account of political developments, possible border shifts, etc. when presenting these wishes. It is sufficient to take the current situation as a starting point and to indicate in what respect changes must be sought. More important than the description of the status itself are therefore the conclusions drawn by the economic groups, which clearly indicate their respective wishes. The most important points in the industry analysis will therefore be the assessment of foreign industry and the competitive situation (points 3 and 10 of the diagram), from which the wishes of German industry will primarily be derived.

3. In view of the particular urgency of the matter, the surveys on shareholdings (item 6 of the schedule) and wages and salaries (item 11 of the schedule) can be dispensed with for the time being. However, if documents are already available, processing is desired. Otherwise, we will be able to provide individual economic groups with documents on these points.

4. Insofar as it is not yet possible to express and justify the wishes expressed in concrete terms, it will suffice that the wishes are first submitted to us as preliminary reports and that we forward them as such to the Reich Ministry of Economics. The Reich Ministry of Economics can later approach the economic groups directly or via the Reich Industry Group and, if necessary, examine the wishes in detail.

1 Company archive of the YEB Carl Zeiss Jena, No. W 54.

5. New deadline for the delivery of the industrial analyses together with express requests for further sentences, which may be corrected or supplemented at a later date, to the Reichsgruppe Industrie: July 20, 19/iO.
We ask you to continue with the work for Hungary, Switzerland, Finland and England, so that the work can be submitted at a later date without a longer lead time. . . .

2) From the "France Report of the Reich Industry Group" of March 1941 1

B. Economic policy suggestions

I. General wishes

The form of political and economic cooperation with France depends on the form of the peace treaty and is therefore still unknown. Naturally, a victorious end to the war for Germany is assumed. For the rest, the following suggestions are based on the desirable optimum. It is taken for granted that continental Europe should form a large economic area in which production is organized according to the principle of an organic division of labour with the aim of achieving the greatest possible independence from other economic areas. This principle leaves ample room for the special interests of the associated regions.
The results of negotiations in individual sectors of the economy that have taken place since the armistice are not taken into account below. They are subject to the necessities of war (relocation of orders!). The present analysis is based on peacetime conditions
is taken as a basis.
Based on the above assumptions, many of the wishes expressed by the economic groups are fulfilled as a matter of course. In an economic area in which a planned division of labor takes place, customs borders, delivery quotas and other barriers to the generous movement of goods should be fluid and the fulfillment of most of the suggestions below should be self-evident.
When such wishes are expressed by the industry, they are not always fulfilled.
The main focus of the company's activities is not determined by this consideration, but is directed towards better competitive conditions. The following wishes and groups of wishes should be emphasized:

1 The country reports of the Reich Industry Group generally consisted of parts A (data and statistics on the industry of the country concerned and its position in the overall national economy), B ("Economic Policy Suggestions") and C (individual reports on the branches of industry, usually compiled by the industry groups). These were followed by extensive appendices with overviews of the more important industrial sectors and international cartels relating to the country's market and its industry.

1.) Import barriers

The complaints and wishes of the economic groups are strongest in this area. Various difficulties must be distinguished:

a) Import duties

Almost every economic group would like to see French import duties abolished or reduced. In most cases, customs duties are introduced to protect the French industry concerned from foreign industry. In some cases, the French industrial groups were not competitive because they could not keep up in terms of quality or for organizational reasons, and in other cases, a French industry was to be created under the protection of a new tariff. In these cases, German industry's desire to eliminate or reduce French tariffs is aimed at increasing German exports. However, other considerations are also relevant. One economic group wishes to regain its natural French sales territory by eliminating the tariffs of Saarland industry. Another would like to open up the French market for new German materials, which are treated particularly unfavorably in terms of customs policy. The abolition of customs duties seems particularly justified if they have remained in force up to now despite existing French underproduction.

b) Import quota system

The abolition of the French import quota system is also the subject of proposals from numerous economic groups. This measure also served primarily to protect the French industry concerned. However, one economic group points out that in its area the quota system was due to the state of political relations between Germany and France, a point of view that can no longer apply in the future.

c) Compulsory designation of origin

Economic groups are launching particularly fierce attacks against the obligation to label German products with a designation of origin when they are exported to France. This measure, which is also intended to protect the French industry concerned, has given rise to harassment by French customs officials. For political reasons, it has often had the effect of making German exports impossible. This is particularly evident in the footwear sector. The same effect was achieved in the case of taste goods, which naturally could not be sold if they were provided with the required conspicuous markings. In some cases, German companies tried to circumvent the complicated and harassing French regulations. If discovered, the French imposed severe penalties.

d) Taxes

The levying of special taxes is also objected to. For example, ;\faschinenbau is against flat-rate sales tax and service tax. It is noteworthy that a tax four times higher was levied on German lighters than on French products.

e) Subventio nsverb ote

The state subsidization of certain French branches of industry also often had a prohibitive effect on German imports, even if this l\measure mainly had the effect of supporting French exports through tax concessions, cheap loans and the like (precision mechanics and optics, automotive industry, ceramics industry, printing, food industry).

D Purchase restrictions

Another important aspect to be emphasized in this context is that foreign competition was disadvantaged compared to French industry in that only French products were considered for tenders and public orders, or at least were to be given preference (electrical industry, precision mechanics and optics).

g) M aterial utilization regulations

T h e last point to be emphasized in this context is that French industry must be subject to the s a m e material utilization regulations as the same German and any other production in the Greater Economic Area.

2.) Construction and expansion bans and closures

Although a number of economic groups are in favour of bans on construction and expansion as well as closures in France in order to k e e p competition out of the way, in many cases there are reasons why restrictions on French industry appear desirable, also in view of the desirable organic division of labour in Europe. In a number of areas, French capacities have not been fully utilized, whether because the French market was showing signs of saturation, because of plant rationalization or because production had otherwise been translated. In many cases, the French plants are outdated or do not meet the requirements of even average quality. In one case (stone and earth), the construction of a factory to artificially produce magnesite, which is available in sufficient quantities in Germany, was prompted by military reasons.

A particularly favorable starting point for closure requests is when the industries concerned have been affected by the war. The necessary$_{ge}$ intensification of agriculture in France will require many of the industrial workers that may become available and provide them with e m p l o y m e n t .

For the rest, we refer to what was said on page 29 et seq. of our Hol land report for Dutch companies on the question of the establishment and expansion as well as closure of French companies.

3.) Creation of uniform dimensions, weights, standards, types and quality marks

Standardization in this area appears to be urgently desirable. The fact that regulations on dimensions, about which the metal goods industry group is complaining, are being misused to exclude German deliveries is completely unacceptable. (Also the electrical industry, leather industry, vehicle industry).

4.) Patent provision

A number of \industrial groups (glass industry, sugar industry, spirits industry) have expressed requests for the transfer of French patents. The fulfillment of these \Wishes appear justified from the point of view of the best possible supply of the greater economic area, although appropriate compensation and reciprocity must be granted.

5.) Provision of raw materials

France is an indispensable supplier of various raw materials for German industry. In addition to ores, French and colonial timber, heavy hides, raw materials

for the glass industry, the textile industry and the stone and earth industry as well as the food and spirits industry (import of wine for sparkling wine and brandy).

6.) Customs duties in third countries

French exports, especially to the French colonies, but also to third countries, were often better off than German exports to these countries. This better position, which was based not only on economic but also on political circumstances, must be eliminated. In third countries, too, market conditions must be equal for German and French industry, just as they are in France.

7.) Reparation

This relates to damage caused by the Treaty of Versailles (see under special requests).

8.) Operators in French companies

It is suggested that the provision that only French nationals can be company directors in France be removed.

9.) Industrial spillover

For reasons of defense policy — but also from the point of view of dragging industry away - various economic groups propose that the emigration of engineers and other skilled workers, the export of certain equipment and raw materials and the like should be banned in France (electrical industry, precision mechanics and optics, printing). Consideration should also be given, for example, to the view of the printing and paper processing industry groups that no cheap printing machines and no paper at reduced export prices should be exported because of the risk to the export of printed products.

10.) We reserve the right to comment on the price issue.

Things are all too much in flux here. While many economic groups have complained about the low prices of French competitors in the past, mainly due to currency effects, it is already apparent today, particularly in connection with the relocation of orders, that French prices exceed German price levels.

11.) The principle of organic division of labor must not exclude competition within the individual economic sectors. Competition appears to be absolutely necessary in order to achieve maximum performance and avoid stagnation. It cannot be completely eliminated because individual industries cannot be shut down for a variety of reasons, despite otherwise sufficient or more favorable production possibilities in the area concerned. In this case, market-regulating agreements for competitors at home and abroad come into consideration, which are desired in many cases.

An overview of existing international cartel agreements with German and French participation is attached as Annex 1, furthermore as Annex 2 an overview of international cartel agreements with German, but without French participation, which concern the French market, and finally as Annex 3 a compilation

of the German export cartels, which aim to regulate the market for German exports to France. We reserve the right to issue a detailed report on the issues and possibilities of international market regulations and cartels within the framework of the new European order.

12.) The cooperation of the individual areas can either be voluntary or enforced. The first solution is naturally more desirable. A relatively unobtrusive coercion can be exercised on the \vector of capital links, which should be sought in as many cases as possible. The reports of the economic groups on France again show that there are great possibilities in this respect which, if skillfully exploited, can promote the realization of the Greater Economic Area to an outstanding degree. Particular attention must be paid to the interlinking of capital with regard to non-Aryan companies and English participation (metal goods industry, woodworking industry, printing, glass industry, etc.).

13.) **I ndustry organization**

There is no doubt that the image of a large economic area including France requires a tight industrial organization there. It is suggested that the influence and participation opportunities for German industry be ensured.

1 I. Special requests from individual economic groups
(keyword excerpts from the reports of these groups)

1.) **Mining economic group**

Graphite. It must be prevented that the French graphite exporters (country of origin of the graphite Madagascar) undercut each other abroad and thus make the sale of German graphite extremely difficult.

Barite. Elimination of the relatively high import duties and the cheap freight rates for French material in contrast to foreign material.

River spat. Agreement to eliminate ruthless French competition, especially in the USA.

Chloromagnesium and Epsom salt. Despite low sales volumes, the French competition

The price pressure exerted by the large quantities of goods on the market must be eliminated.

Salt. French sea salt is particularly competitive in Belgium. Sales there must be subject to the same conditions.

2.) **Metal industry economic group**

Bauxite deliveries to Germany without export restrictions. Semi-finished metal products.

Imports to France without quotas. Restriction of production to French domestic requirements and the requirements of the remaining French colonies. If necessary, agreement on exports to third countries.

3.) **Foundry industry economic group**

Pressure pipes and fittings. Until the outbreak of war, a German and a French group reached an agreement on exports to all countries of the world, with the exception of North America and the French colonies, under the name OSTEF. Belgium and the Belgian colonies were still included. A corresponding agreement after the end of the war is desired. Drainage pipes and fittings. Here, too, there was an agreement on sales which should be followed up.

Radiators, bathtubs, steel sand. Elimination of the high French protective tariffs. For bathtubs, resumption of relations between the Gußemaille syndicate and the corresponding French cartel.

4.) Economic group fuel industry Enabling
the export of German white oils.

5.) Economic Group Steel and Iron Construction
Steel construction. Clarification and coordination of competitive relationships with efficient French companies. This could include customs policy measures and sales regulations. It would be desirable to restrict French production to its own needs, so that third markets could be supplied by German industry.
Steam boiler, tank and pipeline construction. Here, too, an intergovernmental sales regulation is desirable, which reserves the supply of third markets for German industry.
(Specific requests for field and industrial railway material cannot be made at present).

6.) Mechanical engineering economic group
Import to France without quota. Abolition of the designation of origin
tion. Simplification of the French customs tariff, which contains a large number of items, some of which are heavily subdivided again. Reduction of excessive customs duties. Abolition of the flat-rate sales tax and the service tax.
In addition to eliminating the unusually high import duty, all French valve factories must be inspected for rational production. A ban on construction and expansion will then probably prove necessary, perhaps even the closure of factories. Production must be converted to German industrial standards.

7.) Automotive industry economic group
Alignment of French prices with German prices. Elimination of high import duties and other import restrictions. Type adjustment for motorcycles. Abolition of export premiums for passenger cars. German capital participation in the field of carburetor and piston production.
The French market showed signs of saturation for motor vehicles before the war. Only part of the capacity was utilized. The war probably brought about considerable changes in this respect, otherwise production restrictions would have to be considered.

8.) Aviation industry economic group
Planning for the aviation industry was the sole responsibility of the Reich Aviation Ministry. The French price competition in the field of aircraft engines was disruptive.

9.) Economic group Electrical industry
General wishes
compensation for the damage caused by the Treaty of Versailles, in particular in the fields of high-voltage installations, telephony and telegraphy without and via wire, the

Incandescent lamps (reassignment of the company La Lampe Osram with constructions etc.) and the meter.
Abolition of quota restrictions for German imports. Revision of the French quality regulations. Equating the German VDE mark and the French USE mark. Extension of German standards and type instructions to the French industry.
Prohibition of expansion and construction.
Application of German production restrictions and material usage regulations to the French electrical industry. Removal of regulations from French tendering conditions that put German industry at a disadvantage.
Removal of the provision that only French nationals can be company directors in France.
Abolition of the obligation to designate origin, in particular for electric light bulbs,. Switchgear of low weight, objects for radiology and electrotherapy,. heating appliances, accumulators, refrigerating machines, dry elements, molded articles made of plastic materials.
Elimination of French import duties, particularly urgent for certain items. Special requests
Power installations. Review of the "gros-materiel contract", which was intended to secure Siemens and AEG a certain, previously unattained share of the supply to the French market.
Broadcasting industry. Clearing the French market of the large number of second and third-rate companies.
Reorganization of the tube assembly issue with Philips. Market-regulating agreements with the French industry.
Telephony and telegraphy without wires. Strengthening German influence on the der-
I. T. T. owned companies.
Market-regulating agreements
Telephony and telegraphy by wire. Restriction to French production to date.
Line wire. Market-regulating agreements.
Incandescent lamps. Reorganization of the Phoebus contract with the aim of reducing the. supply share of Philips and Tungsram.
Counter. Abolition of the so-called O : 0 agreement under the Paris Agreement. Transfer of CDC's subsidiaries outside France to German ownership.
Accumulators. Extension of the agreement between AFA Berlin and CGE Paris to S.A.F.T.
Carbons and carbon brushes. Le Carbone is banned from supplying plates to the European markets and the French plate-cutting factories are closed.

10.) Precision Mechanics and Optics Business
Group Trade policy wishes
(German industry is prepared to grant full reciprocity).
Creation of equal market conditions for German and French industry,
in particular by lifting customs duties and other import duties, lifting import bans, import quotas and marking regulations.
Prohibition of preferential treatment of French products over German products in tenders.

Ban on subsidies for French industry, right of establishment and residence for German industry.

Measures to control French industry Ban on construction and expansion.

Market-regulating agreements, in particular for water meters.

German equity investment, in particular in the company Andre Debrie, Paris (Kino gerät).

Closure of the spectacle frame factories in Morez in view of their surplus capacity.

aging.

Restriction of the spectacle lens grinding shops in Götzenbruck and Dreibrunnen to the manufacture of watch glasses, also in view of their obsolescence.

Measures concerning military equipment

The manufacture of military equipment would have to be completely banned or restricted to meeting France's own needs. In one case or another, certain measures are proposed, such as a ban on the emigration of skilled workers, etc., a ban on the export of machinery and control equipment, a ban on the export of military equipment, the expropriation of patents and secret processes relating to armaments and the like.

11.) Economic group Material refinement

Elimination of preferential tariffs.

German imports to France without quotas. Equality of German imports into the French colonies. Market-regulating agreements.

12.) Economic group Metal goods and related industries Industry

two reductions of the French high protective tariffs.

Removal of the marking obligation.

Acquisition by Germany of the previous British interests, particularly in the large clock industry.

Harmonization of the French weights and measures system with the German system. Facilitation of the establishment of German branch factories.

Extension of the existing market-regulating agreements.

Discontinuation of the tax scale for lighters.

13.) Economic Group Minerals and Soils

Refractory Industry

Abolition of the recently increased import duties and simplification of the customs tariff. Abolition of the compulsory designation of origin.

Restriction of the French industry to the manufacture of fireclay and silica products.

<aas and quartz sand

Agreements that regulate the market.

Molding and adhesive sand (mainly located in Alsace-Lorraine)

Prohibition of import to Germany.

Elimination of the French import duty. Stoneware industry

Reduction of high import duties and simplification of the customs tariff, as well as abolition of import tax.

Elimination of the obligation to market.

Talcum powder
Alignment of French production costs with those in Germany.
Participation of the German talc industry in the leading French company. Diatomaceous earth
Elimination of the French import duty.
Asphalt stone
Takeover of the Lobsanner warehouse in Alsace.
Pumice products
Tariff
reduction.
Kaolin
Supplying France with ceramic kaolin instead of the previous English deliveries.
tions.
Chalk
Import of French Champagne chalk to Germany. Market
agreements.
Slate
Reduction in import duty for slates.
Abolition of the compulsory designation of origin for slates and slate pens.
Peat
Duty-free for peat litter and peat dust.
Plaster
Redirection of imports of specialty gypsum to Germany.
Prevention of self-sufficiency efforts in this area. Market-
regulating agreements concerning Holland.

14.) Construction industry
Elimination of French price-squeezing competition.
Invalidation and renewal of the license agreements concluded between German and French companies (concerning, among others, the companies Didier, Koppers in Essen and Silamit in Krefeld).
Restriction of French coke oven construction to the French market.

15.) Wood processing industry
Furniture industry
Reduction of overproduction. Closure
of Jewish businesses.
Shifting production to quality goods. Wooden
housing industry
Tariff reduction. Musical
instrument industry Tariff
reduction.
Building accessories industry
Ban on construction and expansion in the roller shutter
industry. Market organization and tariff reduction.
Wood wool and wood flour
industry Price and market
organization.
Office and drawing equipment, wooden turned goods, wooden cases
Price and market regulation, cartelization of wooden bead production.

Cane, umbrella handle and whip industry
Tariff reduction, abolition of the marking requirement, price increase,
). Market regulations, ban on construction and
expansion. Wicker goods, wicker furniture and
wicker basket industry
Takeover of the Jewish chip basket business into German
ownership Cork industry
).farkt- und Preisordnung.
Carving and molding industry Ban on
construction and expansion.
Elimination of third-country supplies of primary products and finished goods.
Market organization and production regulation.
Barrel industry
Price and market regulation.
Closure of the heavy barrel industry in
Reinfelden. Plywood and wood fiberboard
industry
Restriction to national requirements, sufficient supply of colonial timber to Germany.
Stamped wood and chipboard industry
Price increase, market regulation, tariff
reduction. Household and shoe supplies
Price and market organization, tariff
reduction. Coil and rod and bar industry
1ilderung of the import regulations.
Molding, framing and picture
industry
Price improvement, market organization, tariff
reduction. Wood products of various kinds
Price increase, market organization, tariff
reduction. Brush and paintbrush industry
Closure of Jewish businesses. Price
and market regulation, tariff reduction.
Wooden tool industry
Closure of the Jewish
businesses. Price increase.

16.) G lasindustrie
Hollow glass
Ban on construction and expansion due to permanent underemployment. Consideration of German industry with regard to the former large Czech deliveries.
Flat glass
Prohibition of construction and expansion.
Agreements on German deliveries of window and spectacle lenses.
Supply of French raw materials, primarily sand, clay and lime for the German flat glassworks in the \West. Recognition of the German sheet glass industry's claims for compensation in connection with the so-called Fourcault process.
Acquisition of the French continuous casting glass process.
Glass processing and finishing industry
\Restrictions on the import of fever thermometers into France are lifted.

Prohibitive tariffs on vacuum flasks are lifted. Production restrictions in the field of glass fiber production. Acquisition of patents for French safety glass production.
Compensation for infringement of German Ambeg patents relating to fully automatic machines for the production of ampoules.

17.) Ceramic industry
Lifting of all French import restrictions.
Equality of German imports in the French colonies as well. Reduction of French customs duties by weight.
Market agreement for stoneware, slabs and abrasives.

18.) Sawmill industry
Economic planning for the French forestry and timber industry.
Production restrictions in the wood impregnation industry.
Delivery of French oak, poplar and walnut timbers as well as French colonial timbers to Germany.

19.) Paper, cardboard, pulp and mechanical pulp production
German delivery options for sulphite pulp, newsprint, wood-free writing and specialty papers and glassine.
Industry agreements between the two cigarette paper manufacturers.

20.) Print
Abolition of the compulsory designation of origin.
Abolition of import duties for picture books and May books. Market-regulating agreements.
Prohibition to supply German machinery and equipment as well as materials and auxiliary materials for the manufacture of graphic products to France at lower prices than the German printing industry has to pay.
Adaptation of the French playing card system to the German system.
Aryanization of the main printing ink factory and acquisition of a German stake in it.
Capital intertwining in the field of diagram and graph paper production. Influence on French music notation printing.
Closure of state and municipal printing works in the graphic arts sector.

21.) Paper processing
Elimination of the French import quota system. Abolition of the obligation to designate origin.
Price agreements in the filter paper sector.
Same price of German paper for the French industry (no export promotion).

22.) Leather industry
French deliveries of heavy hides and calfskins. Uniform dimensions.
Simplification of the customs and quota system.

Ban on the establishment and expansion of the French leather and shoe industry. Abolition of the compulsory designation of origin for shoes.
Control of German leather exports in order to control French shoe production.

23.) Textile industry
Elimination of import duties, especially for goods containing rayon.
Removal of all import barriers such as quota measures, trade passports, sample customs clearance, slow customs clearance and the like.
Design protection for German products.
Elimination of French overcapacity. Supply of
rags to Germany.
Lifting of the import bans on shredded wool.

24.) Clothing industry
Elimination of price-suppressing French competition in various areas. Competition is based on cheaper, predominantly domestic raw material supplies and low wages, but not on more rational methods.

25.) Food industry Meat
industry
Ban on import to Germany.
Dairy industry
Production and export restrictions for processed cheese.
Starch industry
Elimination of import
duties. Sparkling wine
industry
Maintenance of protective tariffs on imports of French sparkling wines into Germany.
Favored import of French wines from Champagne and Touraine to Germany for sparkling wine production.
Equal tariffs in third countries. Mineral water industry
Subsidy bans for French industry.

2 6.) Brewery and malt house
Delivery of German hops to France.
Deliveries of German beer to Paris instead of the previous Alsatian deliveries or – if Alsace is incorporated – maintenance of these deliveries.

27.) Sugar industry
Inclusion of France in a general sugar agreement with the aim of improving the world market price and weakening the strong British position.
Enabling of processing traffic. Acquisition of
French patents.

28.) Spirit industry
Equal burden on French production and German deliveries. Compensation for patent withdrawals.
Delivery of patents for spirit and yeast production and dehydration of spirit.

Brandy

Duty-favored wine imports from Cognac for German brandy production while maintaining the German protective tariffs for French Cognac.

Equality for cognac deliveries to third countries. Fine spirits

Elimination or reduction of French import duties.

Prevention of the misuse of the designation "Schwarzwälder Kirsch". Other spirits

Ban on the establishment of French companies in Germany.

Delivery of Limousin wood and dried plums to Germany. Plums to Germany. Yeast

Elimination of French import duties.

Issuance of an erection ban.

Molasses

Duty-free import of molasses from France.

Duty-free and freight-reduced import of thick sludge to France.

VI. Ministry of Economics

1) File11note from j\Jinisterial,dirigent Gustav Schlotterer dated September 16, 19401

Note on the discussions held on September 6 and 1 1, 1940 - **chaired by Ministerialdirigent Dr. Schlotterer2 - on economic relations with the occupied territories**

Representatives of Main Departments II and V and Departments S and VO were present on September 6, and on September 11, 1940, **representatives of the Reich Chamber of Commerce, Reich Industry Group, Reich Trade Group and 30 economic groups were also present.**

The report given by Ministerialdirigent Dr. Schlotterer on September 6, 1940, **exclusively to representatives of the House, on his consultations with the Dutch and Belgian economic authorities and the German occupation authorities, was repeated on September** 1, 1940, **to representatives of the business community, who were also informed on this occasion of the decisions of the Reich Minister of Economics resulting from the situation described.**

Ministerial Director Dr. Schlotterer began by mentioning the currently unfavourable effect of previous contacts between the German economic circles on the one hand and the Dutch and Belgian economic circles on the other. The closest possible capital interpenetration between the two economies was in line with official intentions. However, in the interests of orderly coexistence in a Greater Europe economy under German leadership, it was essential that the necessary psychological preconditions were observed in the negotiations relating to this. In future, negotiations should therefore be conducted in close consultation with the relevant departments of the Reich Ministry of Economics (technical departments, regional departments and special departments). The general political line had not yet been finalized.

but in the last speeches of the Reich Minister of Economics there are some indications from which one could get an approximate picture of the coming reorganization of European economic relations.

There are essentially three options for future negotiations between the German, Dutch and Belgian business communities:

1. **Cooperation between the organization of the industrial economy and the Reichsnähr**

The German government and the corresponding Dutch and Belgian business associations. The impression had sometimes arisen that the economy of the occupied territories was being raped. In order to eliminate this impression, it was desirable that the organizations responsible for the individual

1 **Federal Archives Koblenz, Reich Ministry of Economics, R 7 IX, No.** 153, **Bl.** 4-5.

2 **Gustav Schlotterer was deputy head of Department V (Foreign Trade) and head of the special department "Preparation and Order" (VO) of the Reich Ministry of Economics.**

The Dutch authorities were also of the opinion that it would be better for the authorities responsible for economic sectors, whose information and actions would carry far more weight than those of individual companies, to make contact with their counterparts in Holland and Belgium. There were already certain possibilities for this in Holland. A corresponding organization was being set up in Belgium
realized.
The negotiations of these organizations, in close cooperation with the Reich Ministry of Economics, could, for example, extend to

1. Issuing of orders,
2. Coordination of production,
3. Mutual interlocking of capital,
4. Common pricing policy,
5. Associations, cartels,
6. Customs duties.

2. Cooperation between the cartels

At the moment, it is difficult to make final agreements for a longer period of time. However, there are already certain possibilities. In any case, things need to be prepared.

3. Mutual equity participation

Negotiations had already been conducted between individual companies, some of which had disregarded the simplest of economic regulations. Attempts had been made to exert pressure on the companies, for example by announcing a forthcoming expropriation by the Reich Ministry of Economics, which could be avoided by a quick sale. Of course, there were no such intentions. The negotiations were to be conducted on a commercial basis,
This means that no politically motivated pressure should be exerted on the negotiating partner from the private German side.
Both Holland and Belgium lived predominantly from industry. German capital
Participation in the Netherlands and Belgium is also possible through the establishment of new companies under German management. The conditions were particularly favorable for a number of four-year plan ventures (rayon). To avert the decline in employment in the Dutch and Belgian economies, armaments and export orders had already been placed there. In future, these orders should be combined with capital investments wherever possible.
There is no interest in eliminating Belgian and Dutch capital investments in the German economy. Their expansion was even desired. This is not contradicted by the fact that key positions, which the
Dutch and Belgians in Germany into German hands.
Companies with overseas holdings should be treated with particular caution. Putting pressure on them would mean giving up the overseas property they still own, which would not be in Germany's interest.
The given guidelines would also have corresponding significance for trade and banks. The intention is to expand German transit trade as far as possible.
There was a possibility that the Jewish question would also be resolved in the occupied territories in the foreseeable future. The important thing would be to take over the good Jewish positions as unvarnished as possible. Also for the important Central European capital posi-

The takeover by the French and the British is desirable. For the time being, however, all equity investment negotiations should remain within the bounds of existing commercial possibilities.
On September 11, Ministerialdirigent Dr. Schlotterer announced the plan presented at the meeting on
On September 6, the Ministry announced a decision to prevent unsuitable business representatives from traveling to the occupied territory in the future. It was planned that in future, before approving travel applications, the travel department in the Reich Ministry of Economics would consult with the relevant specialist and country departments and clarify with them whether there was a guarantee that negotiations would not conflict with German interests. In addition, the negotiators in Holland were to contact the Commissioner General for the Economy and in Belgium the Military Commander Belgium, Economic Department.
Since for Holland, as far as shareholdings of up to RM *100,000* were concerned, the
As the responsibility for such travel applications lies with the chambers of industry and commerce, the chambers of industry and commerce should be advised by the Reich Chamber of Commerce to carry out a proper examination of the travel plans and possibly also recommend that the banks be commissioned with the acquisition of participations.
The question raised in the subsequent discussion on September 11 regarding the
The treatment of undertakings in Alsace-Lorraine, Luxembourg and Eupen-Malmedy was answered by saying that these areas should be treated as German territory.
At the end of the meeting on September 11, Ministerialdirigent Dr. Schlotterer announced that the guidelines given here would soon be sent in writing to the offices involved, especially the Reichsgruppe Industrie and the economic groups.

2) From the minutes of the meeting of the Grand Advisory Council of the Reich Industry Group on October 3, 1940 1

Ministerial Director Dr. Schlotterer: . . .
In his speeches, Mr. Funk, the Minister of Economics, has pointed out that the problem in Europe cannot be solved with the concepts of customs and monetary union. We are now making a deliberate distinction between the countries of the north and those of the south.
\Vest in Europe and the A_{gr} arlands of the Southeast. The countries of the North and
\Vests, which are predominantly occupied by us, are economic entities that are closely related to ours. In some cases, the purchasing power of the population there is about the same as ours, in others it is even slightly better. On the whole, they have roughly the same social and economic structure. They are also culturally, civilizationally and racially related to us, i.e. between Germany and these countries of the North
and the West provide the basis for a uniform l\market, for uniform price, income and wage levels. A customs and currency union between these countries and ourselves is therefore possible, and even desirable from an economic point of view. However, politics will have the decisive say. We only have to deal with the economic possibilities.

1 Betriebsarchiv des VEB Filmfabrik Wolfen, Werkleitung Gajewski, No. 111, Bl. *54-67* – This is a transcript of Gustav Schlotterer's lecture prepared by the IG Farben Group, which was apparently made available to the participants of the meeting via the Reichsgruppe Industrie.

As you may be aware, the Reich Commissioner for the occupied territories in Holland has authorized the Dutch Minister of Finance to reduce or even eliminate import duties in Holland if this is in the urgent economic interest. This is primarily a matter of ensuring that German industrial goods, which we sell on the whole at the domestic price in Holland, can actually be brought to the :\l market at the German domestic price and are not additionally burdened with a duty. And conversely, it is about ensuring that Dutch goods coming to Germany are not subject to unnecessary customs duties.

We are therefore not currently establishing a customs union between ourselves and the occupied territories, but we are trying to adjust customs legislation and customs policy in practice so that customs duties do not represent an obstacle to intensive trade in goods and to mutual economic interdependence.

Of course, it is not yet clear how far we will go in detail in the near future. The tendency, however, must be to create as clear a path as possible in the area of payment transactions and, above all, customs duties, as far as the occupied territories are concerned, and to ensure as far as possible that no difficulties arise from the side of foreign exchange management and customs policy.

In the countries of the Southeast, things are much different than in the countries of the North and Northwest. These are agricultural areas, areas with a low standard of living, cost level and income level. Agricultural prices down there are still below German production costs, below German agricultural prices; we have no reason to artificially push these prices up there. This is also important for the economies down there, because if prices suddenly rise there – unfortunately, they have risen very sharply recently – internal difficulties will arise.

One must therefore use different :.\liters to determine its trade policy relationship with Germany in the south-east than with the countries of the order and north-west.

This raises the question of how we see our relationship with the European states. One can imagine that we simply dictate what has to happen economically in Europe, i.e. that we only see things from the point of view of a one-sided German interest. This standard is also sometimes applied by private circles when they deal with the question of the future development of the European \economy in their very own field. However, such a view would be wrong because, after all, we do not live alone in Europe and we cannot do business with subjugated peoples. The authoritative bodies in Germany expressly reject the idea of dividing the future European economy into two classes, namely the class of the victors and the class of the vanquished. Insofar as certain nations have been in battle with us, the resulting issues will be settled in the peace treaty. But that is the end of the matter. The construction of the European economy must be carried out under German leadership in such a way that the other peoples in this area are given a place in which they can live, in which they can develop, in which they feel comfortable and in which their own interests are also served.

So it is quite clear that we have to beware of two extremes here, on the one hand that we swallow everything in order to take everything away from the others, and on the other hand that we say: we don't really want anything at all. Of course

we want something, of course we have to want something, because if we ultimately have the leadership in Europe, then we must also have influence; and that presupposes that we obtain the positions in Europe that we need in order to be able to play our leading role. But in our work we must then tie in with the interests of others. Between our desire to extend our influence

There is basically no contradiction between the desire to expand and to gain additional positions in Europe and the demand that the interests of others should also be taken into account. I would like to give you just one example: the Romanian mineral oil industry

industry. The Romanian oil industry was in the hands of American, British and French companies. These companies worked in Romania in such a way that oil production decreased more and more from one year to the next.

and that, ultimately, the Romanian economy has not reaped the benefits it could have had if things had been taken vigorously in hand there.

So when we take the view that we need to get our hands on the Romanian oil industry, it is first of all because we want to have an important source of raw materials in Europe in order to be able to pursue oil policy in Europe. However, the fact that the leadership of the Romanian petroleum industry will be transferred to Germany will in no way harm Romanian interests; on the contrary, it will promote them, because we will be supporting the Romanian petroleum industry.

not let it go to waste, but rebuild it. This will result in additional production, greater economic output, more people can be employed, and the state and the Romanian economy will benefit. So you can see how the Romanian interest and the German interest are merging here. And so there are a vast number of areas in Europe where, through skillful action, there is the possibility of merging German and European interests or the special interests of European countries.

This is where we have to get to work, and this is also where we have to be prepared to overcome difficulties and break down resistance if there is no other way.

i\lan has often tried to sum things up by saying that we in Germany want to use political pressure to force others to find economic solutions. I think we should rather put it in a different way: in recent years, sensible economic solutions have been found in Europe that are based on cooperation.

with Germany were prevented by political means. We had the desire to become more active in Norway, we had concluded an agreement on economic cooperation with Romania, we had presented interesting economic projects to a whole number of European countries, which were to be implemented in the future.

would have benefited both parts. These plans were not accepted because England or France protested. In recent years, there has been unobjective political resistance in Europe that has prevented sensible cooperation between European countries and Germany. This political resistance must be broken in Europe.

I believe that the Treaty of Versailles has taught us how not to do it. When you are at war with a state, you can make a general settlement.

That is one thing. But then, for another 20 to 30 years, to worry the entire world's economy and trade and prevent reconstruction is a second thing, and we don't want that in Europe.

We are not in a position to fulfill every heartfelt wish that one or the other entrepreneur has with regard to equity participation. One wants to buy a brewery, another a textile factory, a third a villa, a fourth a stake in a mining company, and often the military commander has to be called upon. We can't do that, and we don't need to. It is a matter of course that the German authorities stand behind you when you are active outside in the German interest. The acquisition of equity interests is urgently desired by us. But it is not possible for us to do so at the moment,
in which company X appears in Belgium and wants to acquire a 50% stake in Belgian company Y, simply give the Belgian company the order.
If things are not as we would like them to be in a month's time, we can
then we just have to take our time. We are in the position that our economic position in Europe in general and the economic position of the individual German economic groups and the individual German economic enterprises are so strong that in the coming months and years, when the greater European economy crystallizes more strongly, they will certainly find ways and means, in skilful cooperation with the German authorities, to assert their will.
I would like to give you a small example: you can of course use the
political pressure to take control of the entire Belgian iron and steel industry; all that was needed was an order from the military commander that some 60% of the share capital of the various companies be sold at a certain price to companies still to be
German companies are to be sold. I have already said that we cannot and do not want to do this. On the other hand, it is quite clear that the Belgian iron and steel industry cannot exist in a future European economy if it does not cooperate with us and if it does not find the right formula for cooperation with us. After all, they will have to obtain their iron ore from Lorraine, and ultimately they will be dependent on Germany and the European market for their sales. In other words, the German economy has sufficient economic opportunities and leverage to impose its will and achieve the right solutions in Europe.
It goes without saying that we will also endeavor to secure the major and important things we need in the coming peace treaties. But I would like to emphasize once again: we hope that German companies will approach things on their own initiative with the right means of exerting pressure and with the right opportunities.
\What matters to us is a healthy mix between German interests and the various national and regional interests in Europe. These countries are dependent on cooperation with us, and that will drive them towards us and force them to work with us.
In this context, the issue of industrial policy is very important. There is no doubt that Germany is the leading industrial country in Europe. And in general it can be said that our German industry is technically, commercially and organizationally superior to other European industries in many areas. It is also undoubtedly the case that if we assign industry the task of meeting European demand and export requirements, then very often the capacities built up and offered by Germany are quite sufficient. This rightly suggests that if we already have sufficient capacity in Germany and if we have the best-built and best

Why should the others also have industry? That is right in some areas and must also be implemented in some areas. On the whole, however, it would be disastrous and wrong if German industry simply dictated what should happen in Europe.
We must not overlook one thing: the importance of industry varies from country to country. There are countries in which industry does not play a major role; if industry disappears here, some private capital is destroyed and a few workers are thrown onto the streets, but the economy as such remains unaffected and does not perish. But there are countries that live and die with an industry. Think of Belgium, Holland and Norway, for example. And even if the industry of a particular country appears to be very small in statistical terms, it is often of a certain importance in terms of the labor market and turnover.
We must therefore not see our task in the field of industrial policy in this way,
that we are now suppressing or even destroying the other European industries. Instead, we must try to achieve sensible industrial cooperation and division of labor in Europe.
The right thing to do is not to destroy non-German European industry, but to restructure it.
The future European industrial policy under German leadership is therefore of the utmost importance. On the one hand, we can make the best use of the
industry should not simply be destroyed. We must not do this, especially if this industry is good and healthy, which is partly the case, and if it is based on reasonable profitability. Of course, all our new endeavors would be doomed to failure if we simply left things as they are, because why are we creating a greater European area? Namely, because we want to bring about a sensible division of labor in the agricultural and industrial sectors in Europe, because we want to produce as cheaply as possible in the greater European area, which means that we are shutting down production that is no good, that has only shot up under the protection of a foreign exchange or customs or quota policy.
I would therefore ask you to pay the utmost attention to this idea of a sensible European industrial policy, especially in the Reichsgruppe Industrie
and remember that we can not only take something from the other countries that already have industries in terms of industrial capacity, but must also give something at the same time. It has to be a give and take. And to start with, it is even tactically correct not to open the door and say: this and that is unprofitable, it has to be shut down. It's much better not to talk about these things at first and to start with a positive contribution to cooperation by placing orders and generally working together. And by the way - this is also the aim we have in the Ministry of Economic Affairs when we manage things – what already.
i s dying, you should let it die and not buy it up to shut it down.
We must be extremely careful and keep an eye on both the positive and negative sides of a European industrial policy.
It will often not be very pleasant for all of you who are involved in practical business, who manage industrial companies, if you have to accept the fact that
industries, against which you have had a hard time in the past, now live on, yes, in a way, if these industries now still have a certain

The fact that they are no longer treated as foreign industries, but as European industrial companies that belong to us, will give them a boost. I\fan will now have to get used to thinking in European economic terms as well. \We are gradually heading towards a situation where blatant distinctions between German and European must gradually disappear. If we take the view that the various national economies of Europe represent a community, a large area under German leadership, then we must also draw the consequences from this and be prepared to treat these national economies correctly within the framework of our interests and on the basis of our leadership and no longer apply a small German scale, but a large European scale.

It's not that we want to unleash our own competition outside. We cannot be indifferent to what is done outside. We cannot allow people to start working in our markets without discipline. That is why the problem of economic cooperation in Europe, particularly in the industrial sector, must be solved by the economy itself and by economic means, by economic institutions. There are basically three means at our disposal:

Firstly, the mutual interdependence of capital, in particular capital participation in foreign companies, in the companies of European countries. \If you already have unpleasant competition outside, then the question arises as to whether you can influence this competition by taking a share in the capital, going in with your own people and thereby creating the possibility of controlling or at least influencing the management of the company.

It is the wish of the highest authorities that the method of equity participation should be cultivated by German industry to the greatest possible extent. I am well aware that this is not always easy and that it cannot be achieved overnight. But we should set ourselves the goal for the next few years of penetrating as deeply as possible into European companies, especially industrial companies, in all areas, so that we can control things from there. Then, instead of competition, wild, unregulated competition, there will at least be regulated competition or cooperation.

You will be aware, gentlemen, that we are providing the necessary foreign currency for capital investments in Holland. Belgium, France and also in Norway, in the Nordic countries and in the south-east. You can have any amount. (Chairman: Hear, hear!). - Yes, I stand by that, you can count on it. It is important for us that you penetrate and that in this way we can exert our influence in the countries concerned.

The second method, gentlemen, is to include the industries of these countries in our market regulations. So those outside should not run wild. I would like to emphasize one thing in particular: it is of course out of the question in Europe in the future that we allow our economic development and our economic efforts in Europe or overseas to be disrupted by a Dutch or Swiss company, for example. Of course people should be able to work and live with us, of course the Belgian wagon factories should be able to continue producing wagons and exporting wagons. \But what will not be possible in the future is for them to push our prices down with cheap offers. They will then have to come to an agreement with us on the sale of wagons. That is a matter of course. And here the question arises as to whether the establishment of cartels, associations and syndicates can also play a European role.

Our attitude in the Reich Ministry of Economics - and we are also in agreement with the Reich Industry Group - is that where the cartel or the syndicate or any other association represents an appropriate organization for market regulation,
We should not hesitate to make it a European institution. This does not mean, however, that a cartel blossom should emerge now and that cartels and associations should be created simply because we enjoy organization. Just as is now the case in German industry, we must also create cartels and associations in the future.
Europe must have a healthy mix. We must also have competition. And the things that are not suitable for cartels and associations should be left outside; and we should accept a certain amount of competition.
The third method : Where cartels or associations cannot be formed – things become
The question then arises as to whether it is possible to work with general market agreements, territorial protection agreements, etc. within the framework of the organization of trade and industry. The prerequisite for this is that business organizations based on the German model are also established outside Germany. The response to this idea is very great abroad, sometimes perhaps too great and too stormy. In any case, work is currently underway in Holland to create such an organization. Similar efforts are underway in Belgium, and there is also movement in the south-east. A very great task of organizing the commercial economy and in the field of industry will therefore be facing the Reich Industry Group. The Reich Industry Group must seek out its foreign, European partners, come into contact with them, help and support them in the beginning in their development and give the economies of these countries the necessary suggestions and advice.
Gentlemen! From what I have said about this problem, you will see that we see the European economy as essentially a result of the initiative of the economy itself. As a state, we can of course conclude economic agreements. We can conclude a customs and currency union here and there or implement a transfer agreement. But all of this can only amount to a general arrangement and must hang in the air if it does not come under
is built by the economy itself. It goes without saying that we must lend you a hand and that we must steer things. But I would like to emphasize that this European economy should be a matter for the economy itself and that it should be self-governing.
These problems of the large-scale economy must be solved
1. at the level of private companies, which should be as closely interwoven as possible and linked in terms of personnel and capital,
2. at the level of cartels, associations, etc., where such mergers are suitable,
3. in the level of self-administration of the economy, the organization of the "'irtsclwft as such.
We want to be bothered as little as possible with the details and only have to concentrate on the big things.
In this context, bureaucracy is often criticized. Bureaucracy has its advantages, it has its disadvantages. The problem is not solved b y keeping the bureaucracy out of things and saying: we'll do it ourselves. You must then ensure that a new bureaucracy is not created in place of the bureaucracy of the authorities (very true!), which perhaps has the disadvantage that it
We are not yet in things the way we are, for example, because of our years of work. (Very true!)

The others outside are sensitive. And for all the recognition of a firm stance that we must have – we must know what we want to do – it is also the case that we, as the leading power, have a responsibility, that we are ultimately the trustees for the others and that we cannot simply dictate. There is a big difference between dictation and leadership in business. Dictating is easy, but leading is right
is difficult. In the latter case, you have to deal with the interests of others, you have to take account of the fact that the people outside have not gone through the school and the experiences that we have, and that you cannot take for granted everything that we have.
So here you have a task ahead of you that has to be solved with a lot of tact and where a lot can be achieved with tact. . . .

3) Report of the Reich Ministry of Economics for the Interministerial Committee of September 19411

Summarized report
On the capital links with Holland and Belgium since the occupation in May 1940

I. General information on capital links with the Netherlands and Belgium

After the Reichsmarschall's order to establish capital links with Holland and Belgium as soon as possible, the first task was to create the general conditions for this. As a result of foreign exchange controls, German merchants were no longer accustomed to seeing economic areas such as Holland and Belgium as a field of activity for their own industrial and commercial planning; Germany's being cut off by the foreign exchange border had inevitably paralyzed commercial initiative in this respect.
The first task was therefore to ease the general atmosphere, which was achieved through the decrees to the Reich and economic groups as well as public statements by leading personalities.
happened. Organizationally, central offices were set up in The Hague and Brussels to deal with the issues that arose, as well as in the Reich Ministry of Economics, which was charged with the lead responsibility.
It was then important to facilitate payment transactions with the occupied territories in order to create the necessary transfer opportunities for investments from the capital side.

1 Doc. NG-3693, annex to the minutes of the meeting of the interministerial committee of September 23, 194 1 "on questions of capital participation", Deutsches Institut für Zeitgeschichte, Nürnberger Prozesse, Krupp-Prozeß, vol. 2, Bl. 1 14 ff. Also known as the Saager Report after the author. Gerhard Saager was head of the "Capital Interlocking" section of the special department "Preparation and Order" under Gustav Schlot terer. The report was sent with the minutes to the Foreign Office, the Four-Year Plan, the Reich Ministry of Finance, the Reich Ministry of Food and Agriculture, the Reichsbank, the Party Chancellery and the foreign organization of the NSDAP and the central German authorities in the Netherlands and Belgium.

create. New transfer agreements were concluded with the Netherlands and Belgium, which were followed by the complete abolition of the foreign exchange limit for the Netherlands.
In individual cases, capital integration was controlled on the basis of plans drawn up in advance, such as the attempt to integrate the Dutch and Belgian rubber industry with the German rubber industry in accordance with plans drawn up by the Technical Council of the Reich Ministry of Economics. Essentially, however, attempts were made to awaken and preserve the initiative of the entrepreneur and to direct it only to the extent that the introduction of licensing requirements, which, insofar as the foreign exchange limit still existed, were tied to
The German government had an influence on the selection of the German interested party and the value of the foreign company for a German capital tie-up was examined. On the other hand, cases of capital intertwining that were deemed valuable were also supported with all available state funds.

II. Capital ties with the Netherlands

According to the Reichsmarschall's order, capital integration had to take place on a broad basis. Nevertheless, the focus of interest, especially for the departments involved, was naturally on Holland's four global corporations, namely the Shell Group, Philips, Unilever and the Algemeene Kunstzijde Unie (AKU).
At Shell, Philips and Unilever, the appointment of commissioners initially ensured that these companies were fully utilized for the German war economy.
were used. Due to the size of the capital, its dispersion in the market and the lack of clarity of the situation, particularly with regard to foreign relations, it was not possible to achieve success with Philips and Unilever with regard to the acquisition of equity interests. In the case of the Shell Group, a modest success can be reported insofar as certain agreements were reached between the subsidiary Astra Romana and Kontinentale Öl AG, which ensured the full commitment of Astra Romana to oil production.
guarantee.
AKU, on the other hand, succeeded in bringing the majority of its share capital into German ownership by utilizing a capital increase on the occasion of the construction of a rayon factory and through systematic purchases on the open market, a fact that must be kept strictly secret due to AKU's foreign ownership. The shares acquired, which were deposited with a major German bank, were sold for the first time in Germany.
certificates are issued, which are placed with the general public. As the certificates are non-voting for the next few years, this secures the influence of the Reich at AKU for planned future transactions.
In order to penetrate the Dutch economic area with German entrepreneurship, it seemed important to encourage the German banks to establish banking bases in the Netherlands to a greater extent. Dresdner Bank, Commerzbank and Bank der Deutschen Arbeit established new affiliates, each with a capital of 1-3 million guilders. Deutsche Bank has always had a base in Albert de Bary & Co, Amsterdam (capital 15 million hfl. with 7 million in open reserves).
German influence was exerted to a greater or lesser extent on a number of medium-sized companies that were very important for the Dutch economy. The United Steelworks, for example, acquired a 40% stake in Holland's only 25-tonne steel mill.

Blast furnace and steelworks, Koninklijke Neederlandsche Hoogovens en Staalfabrieken N. V., Ijmuiden. Then, in the course of the voluntary Aryanization of the group of the Jew van Leer, German industry gained important positions by taking over a number of barrel factories and a well-known iron wholesaler. A rolling mill belonging to this complex was sold in connection with the capital link with the Ver
steelworks to Hoogovens.

The W. N. H. Mueller Group, which had been of concern to the German authorities for years, underwent a reorganization. The shipping agency sector within the
Group was spun off and incorporated into a German-Dutch company in which a German shipowner holds a 50% stake. Among other things, this company represents the major German overseas lines. German companies will hold up to 75% of the company's ore holdings, particularly in Spain.

The largest Dutch machine factory, N. V. Werkspoor, was linked to Rheinmetall-Borsig AG, which held 30% of the capital in this company after fixed
agreements entered into.

The largest Dutch armaments company, Staatliche Artillerie-Inrichtingen, was privatized at Germany's request. Here, too, cooperation with Rheinmetall-Borsig is already underway, which will be deepened in terms of capital after agreements have been reached
will.

A representative of the Reich Aviation Ministry succeeded in bringing the majority of the well-known Fokker aircraft factory into German ownership through negotiations. The shares were taken over by the Bank der deutschen Luftfahrt on behalf of the Reich Aviation Ministry through the intermediary of other trustees.

Finally, the four largest retail companies, the large department stores Bijenkorf, Gehr. Gerzon, N. V. Hirsch & Co. and Maison de Bonneterie were transferred to German ownership – albeit by way of forced de-Jewification. In addition to these named cases, around 130 other projects were underway, some of which were successful. In addition, the Aryanization of all Jewish businesses was carried out in Holland, which led to a broader penetration of the Dutch economy with German Jews.

German capital.

In the course of free private-sector negotiations, albeit with strong support from the official authorities in some cases, it has been possible since the occupation in Holland to acquire shareholdings in the company.

worth 50 million guilders each, i.e. over RM 65 million. This amount is increased by the capital investments due to Aryanization, which will be reported on separately in due course. If these figures are compared with the British and French investments, it is initially only a fraction of the enemy capital invested. According to the above-mentioned findings of the offices responsible for the administration of enemy assets in Holland, these amounted to 213 million guilders, of which industrial holdings accounted for around 172 million guilders.

However, it must be borne in mind that in the industrial holdings only the
-English participation in the Shell Group with 120 million guilders. On the other hand, it cannot be overlooked that considerable German capital had already been invested in Holland before the actions initiated in the spring of 1940. It should be noted, for example, that around 450-500,000 GRT of the approximately 1.2 million GRT of Dutch inland waterway vessels were in German hands (mainly Ruhr Industrie and the Fendel Group) and around half of the 340,000 GRT owned by the Steenkohlen-Handelsvereeniging were in German hands. Are considered

German ownership of around 600,000 GRT, this alone corresponds to a value of a further 50-60 million guilders of German capital in Holland.
There are currently no approximately accurate figures available on the participation of German capital in other areas apart from the banking sector.

III. The capital link with Belgium

The general conditions for the penetration of the Belgian economy by German capital were initiated in the same way as in Holland. If, after a period of one year, it is not possible to achieve anything like the same result for Belgium as for Holland, this is due in particular to the fact that Belgium's interesting enterprises are largely controlled by the two major Belgian banks, Societe Generale de Belgique and Banque de Bruxelles, through their holding companies. As far as can be ascertained, Societe Generale alone owns around 800 companies in Belgium, which, with their subsidiaries, have a large easily control 30-400/o of the entire Belgian economy.
Since the political situation in Belgium called for particular caution, the military commander only decided to create the legal basis for an audit of the Societe Generale Group by decree dated May 8, 1941. This audit is currently underway. The result will be unique material on the economic structure of Belgium. Before it is completed, it will be virtually impossible to achieve any significant success in penetrating Belgian economic life.
To date, Belgian industrial holdings have been valued at around EUR 13-15 million.
j'\f acquired. The negotiations between Deutsche Bank and Societe Generale on the one hand and Dresdner Bank and Banque de Bruxelles on the other regarding the acquisition of Arbed shares are the most important case of an attempt to acquire Belgian shareholdings. however, due to political events surrounding the governor of Societe Generale, Galopin, Deutsche Bank's negotiations had to be suspended.
be linked. Negotiations between Dresdner Bank and Baron de Launois on the acquisition of 10-20000 Arbed shares are still ongoing. However, due to the strong Belgian shareholding in Arbed (a total of 130000 shares out of 240000 shares), a solution in the German sense will have to be found in the foreseeable future. First of all, the elimination of Belgian influence is ensured by the appointment of former State Secretary Koenigs as administrator of the Belgian holdings by the Reichskommissar für die Behandlung des feindlichen Vermögens.
In terms of larger plans, the military commander, at the instigation of the Reich Ministry of Economics, drew up a plan for the reorganization of the Belgian energy industry, which has been submitted to the relevant departments for discussion. The Sofina complex was then tackled by initially declaring this company Jewish.
Moreover, more than 130 individual cases of economic interdependence are also being processed in Belgium. Only Dresdner Bank has so far established a banking base as a separate company.
It will also be possible to acquire some positions for the Germans in Belgium from the forced Aryanization that has been initiated. However, it must be pointed out that the Judaization of the Belgian economy is incomparably less than that of the Dutch economy.

If one compares the successes of Belgian[2] economic integration with Belgium to date with the figures revealed by the inventory of enemy assets, it becomes clear that there is still a long way to go before German capital penetrates the Belgian economy, unless the peace treaties succeed in replacing enemy capital in Belgium with German capital. According to surveys by the authorities responsible for processing enemy assets in Belgium, enemy holdings in Belgian companies amounted to around 327 million RM. These are secured in the same way as in Holland by the appointment of administrators for the company itself or the enemy participation.

2 Must mean: German.

Comments on the bibliography

The main archival sources for the present study are the many hundreds of volumes of material from the Nuremberg trials. Some of the trial materials are available in print.[1] THERE IS still a serious lack of major Marxist publications based on this material, which remains one of the most important historical sources for research into the history of fascism in Germany and the Second World War in particular.[2]

The first major, trend-setting discussions in German Marxist historical literature on fascism as the most barbaric form of monopoly rule came from leading functionaries of the revolutionary workers' movement.[3] Since the early 1920s, it was the analyses of the Communist Parties, especially in Italy and Germany, and the documents of the Communist International on fascism that formed the basis for the work of Marxist historians.[4] No bourgeois theory of fascism can even remotely compare with the theoretical achievements of the revolutionary workers' movement.

1 *Der Prozeß gegen die Hauptkriegs11erbrecher l'Or dem Internationalen Militärgerichtshof,* 42 vols., Nuremberg 1947ff.; two-volume selection from it in *Der Nürnberger Prozeß.* Aus den Protokollen, Dokumenten und Materialien des Prozesses gegen die Hauptkriegs verbrecher vor dem Internationalen Militärgerichtshof, ausgew. u. eingel. v. P. A. Steiniger, 5th ed., Berlin 1962 ; of the foreign-language partial editions to be mentioned because of valuable additions to the material *Nazi Conspiracy and Aggression,* 10 vols, Washington, D. C., 1946 ff.; selection from transcripts and documents of the twelve so-called follow-up trials in *Trials of War Criminals before the Nuremberg Military Tribunals under Control Council Law No. 10,* 15 vols., Washington, D. C., 1949ff. ; *Njurnbergskij proces nad gkwnymi nemeckimi 11oennymi prestupnikami,* 3 vols., Moscow 1965ff. (incl. material from follow-up trials).

2 s. *C:ollek, Roswitha/Eichholt:, Dietrich,* Die Nürnberger Nachfolgeprozesse als Q uelle der Geschichtswissenschaft, in: Jahrbuch für Wirtschaftsgeschichte, 1966, T. 3, p. 219ff.

3 The only examples highlighted here are *Ulbricht, Walter,* Die Legende vom "deutschen Sozialismus" Ein Lehrbuch für das schaffende Volk über das Wesen des deutschen Faschismus, Berlin 1945 (1st ed.; since 3rd ed. under the title: Der faschistische deutsche Im perialismus (1933-1945)); *Norden, Albert,* Lehren deutscher Geschichte. On the poli tische Rolle des Finanzkapitals und der Junker, Berlin 1947 (1st ed.).

4 One of the earliest and most important documents is the "Theses on the Tactics of the Comintern", adopted at the Fourth World Congress of the CI on December 5, 1922

Based on years and decades of experience of practical political struggle, the Marxist theory of fascism had to prove itself again and again in the class struggle. The experiences of this struggle, laid down in numerous documents of the PCI and the KPD from the years before 1933, finally led to the clear theoretical formulations of the VI I World Congress of the Communist International. World Congress of the Communist International, for whose truth history provided the most striking confirmation.

A new balance of scientific knowledge about the fascist era and about the war of fascist German imperialism was described in the fundamental "Ge This work already builds on a wealth of new research on fascism.

More extensive works on economic history topics from the fascist period have only been produced in the last ten to twelve years, with a few important exceptions[6]. Detailed Marxist research in the field of economic history was often based as early as the 1950s on the valuable wealth of sources provided by the archives of well-known former corporations. \While for a long time research focused on the crimes of individual corporations (IG-Farben, Mansfeld, Zeiss, Flick, Deutsche Bank and others)[7], more far-reaching topics have recently been increasingly addressed.[8] In this context, the discussion of theoretical pro-

(Excerpts in: *Geschichte der deutschen Arbeiterbewegung,* Vol. 3, p. 644 ff.) ; also *Pieck, Wilhelm/Dimitroff, Georgi/ Togliatti, Palmiro,* Die Offensive des Faschismus und die Aufgaben der Kommunisten im Kampf für die Volksfront gegen Krieg und Faschismus. Speeches at the VII Congress of the Communist International (1935), Berlin 1957.

5 *Geschichte der deutschen Arbeiterbewegung,* (ed. by) Institut für Marxismus-Leninismus beim Zentralkomitee der SED, Vol. 5: Von Januar 1933 bis Mai 1945, Berlin 1966 ; Vol. 4: Von 1924 bis Januar 1933, Berlin 1966.

6 *Kuczynski, Jürgen,* Die Geschichte der Lage der Arbeiter in Deutschland von 1800 bis in die Gegenwart, vol. 2: 1933-1946, Berlin 1947 (English ed. : London 1944) and several subsequent improved and expanded editions. The same, Die Bewegung der deutschen Wirtschaft von 1800 bis 1946, Berlin and Leipzig 1947; *the same,* Studien zur Geschichte des deutschen Imperialismus, 2 vols, Berlin 1948, 1950.

7 *Kling, Willi,* A brief history of IG Farben, the major manufacturers of death, Berlin 1957 ; *Radandt, Hans,* Kriegsverbrecher- Konzern Mansfeld, Berlin 1957 ; *Kämpfendes Leuna (1916-1945).* The history of the struggle of the Leuna workers (= Geschichte der Fabriken und Werke, vol. 8), Berlin 1961 ; et al.

8 *Seeber, Eva,* Zwangsarbeiter in der faschistischen Kriegswirtschaft, Berlin 1964 ; *Bl,eyer, Wolfgang,* Der "totale Krieg" Hitlerdeutschlands im ersten Halbjahr 1943, phil. Diss. Berlin 1966 (MS) ; *Köller, Vera,* Der deutsche Imperialismus und Dänemark 1933-1945 unter besonderer Berücksichtigung der faschistischen Wirtschaftspolitik, phil. Diss. 1966 (MS) ; *Melzer, Rolf,* Studien zur Agrarpolitik der faschistischen deutschen Imperialisten in Deutschland im System der Kriegsplanung und Kriegsführung 1933 bis 1941, phil. Diss. Rostock 1966 (MS) ; *Dress, Hans,* Die Stellung des sogenannten Slowakischen Staates im Rahmen der faschistischen Neuordnung Europas (1939-1941), phil. Diss. Berlin 1967 (MS) ; *Andexel, Ruth,* Imperialismus — Staatsfinanzen, Rüstung, Krieg. Probleme der Rüstungsfinanzierung des deutschen Imperialismus, Berlin 1968.

problems of state-monopoly capitalism9 and on methodological problems - such as the existence and struggle of monopoly groups10.

Foreign Marxist authors have also contributed to our topic, some of whom have examined the German war economy itselfU and the impact of the war and the occupation on the economy and society in their own country-2 under various aspects.

For a long time after the war, the flow of bourgeois literature on the history of the German war economy was extremely sparse compared to the general war history literature, but in recent years it has been increased by a whole series of noteworthy works. Increasing activity and growing interest in the subject are becoming apparent.

9 s. *Imperialism heure.* Der staatsmonopolistische Kapitalismus in Westdeutschland, Berlin 1965 ; *Hemberger, Horst* u. a., Sechs Feststellungen zum staatsmonopolistischen Kapitalismus in Westdeutschland, in: Einheit, H. 1/1967, p. 74ff. ; *Kuczynski, Jürgen,* Zur Frühgeschichte des deutschen Monopolkapitals und des staatsmonopolistischen Kapitalismus (= *derselbe,* Die Geschichte der Lage der Arbeiter unter dem Kapitalismus, Bd. 14), Berlin 1962 ; *Gündel, Rudi u.* a., Zur Theorie des staatsmonopolistischen Kapi talismus, Berlin 1967 ; u. a.

10 s. *Kuczynski, Jürgen,* Die Barbarei – extremster Ausdruck der Monopolherrschaft in Deutschland, in : Zeitschrift für Geschichtswissenschaft, H. 7/1961, p. 1484 ff., as well as numerous more recent works by the same author, e.g. Volumes 5, 6 and 16 of his "Geschichte der Lage der Arbeiter unter dem Kapitalismus" (Berlin 1960ff.) ; also *Faing ar, I. M.,* Die Ent wicklung des deutschen Monopolkapitals, Berlin 1959 ; *Gossweikr, Kurt,* Die Rolle des Mo nopolkapitals bei der Herbeiführung der Röhrn-Affäre, phil. Diss., Berlin 1963 ; et al.

11 *Visnev, S.,* Ekonomiceskie resursy Germanii, Moscow 1940 ; *Betrelheim, Charks,* L'eco nomie allemande sous le nazisme, Paris 1946 ; *Rusil1ski, Wlndyslaw,* Polo:ienie robot nik6w polskich w czasie wojny 1939-1945 na terenie Rzeszy i "obszar6w wcielonych", Pozna1i 1950 ; *Faingar, I. M.,* Die Entwicklung des deutschen Monopolkapitals, a. a. 0. ; *Geschichte des Großen Vaterl.ändischen Krieges der Sowjetunion,* 6 Bde., Berlin 1962 ff. (russ. : 1960ff.), bsd. Vol. 1; *Chmelnizkaja, J. L.,* Die Entwicklung des staatsmonopo listischen Kapitalismus in Deutschland während des zweiten Weltkrieges, in : Der German Imperialism and the Second World War, vol. 3, Berlin 1962, pp. 19 1 ff. ; among others 12 *Geschicht,e des Großen Vaterl.ändischen Krieges der Sowjetunion,* op. cit. and its abridged (revised) version in one volume : *Velikaja Otecestvennaja vojna Sovetskogo Sojuza 1914-1945.* Kratkaja istorija, Moscow 19 65 ; of numerous other works, only examples are to be mentioned here *Voznesenskij, N.,* Voennaya ekonomika SSSR v period Otecestvennoj vojny, Moscow 1947 (Engl. as 3. Beih. z. Sowjetwissenschaft (1947), (e.g. The war economy of the Soviet Union during the Patriotic War) ; *Kral, Vaclav,* Otazky hospodarskeho a socialniho vyvohe V ceskych zemich V letech 1938-1945, 3 vols, Prague 1957 ff. ; *Mculajczyk, Czeslaw,* Generalna Gubernia w planach hitlerowskich, Warsaw 1961; *Les systemes d'occupation en Yougoslavie 1941-1945,* Belgrade 1963 ; *Kravcenko, G. S.,* Voennaja ekonomika SSSR 194 1-1945, Moscow 1963 ; *CculaeP, Ja. E.,* Ekonomika SSSR v period Velikoj Otecestvennoj vojny (1941-1945 gg.), Moscow 1965; *Nemecko-fasistskij okkupacionnyj rezim (1941-1944* gg.), Moscow 1965. Valuable studies and sources include publication series such as *Documenta Occupationis Teutonicae* (Poznan) and *Biuktyn Gl-Ownej Komisji Badania Zbrodni Hitk rowskich w Polsee* (Warsaw).

When a whole series of Anglo-American authors, often national economists, carried out studies on the German armaments and war economy during the war, they often did so directly on behalf o f their country's defense authorities. Although the sources available to them were very scarce, especially for the wartime period, their work is s t i l l of some interest, as it is not only of political but also of military-strategic interest (examination of the enemy's potential).

The fascist "Führer principle" was often written in a sober and relatively objective manner out of economic necessity (study of the state-monopoly mechanism of the opponent, which was usually considered very effective).[13] At the same time, extremely reactionary circles recognized the usefulness of the fascist "Führer principle" as an ideological and institutional-organizational expression for a certain stage of development of state-monopoly capitalism, for a stage of immediate war preparation and warfare, and made use of it in the elaboration of the so-called mana ger theory.[14]

The culmination of this phase of purpose-driven economic literature with an economic-historical bias was formed by the work of the United States Strategy Bombing Survey, which comprised several hundred individual studies immediately after the

War, whose figures are still the most important published statistical source for our topic.[15]

After the end of the war, while official historiography was still silent on this point, well-known corporate representatives appeared in West Germany with massive monopoly apologetics.[16] They sharply attacked the industrial trials conducted by American military tribunals in Nuremberg and the – in any case incredibly lenient – sentences handed down there against leading monopoly representatives; moreover, the purpose of this literature was to exert pressure on the public and provide guidance for reactionary historiography. The crowning achievement of this type of historical literature was the work of an American.[17]

From the outset, anti-communism and the ideology of the "socialist" were also prevalent in West German historical and economic research on the Second World War.

13 For example, *Nathan, Otta* (with the collaboration of *Milton Fried),* The Nazi Economic System, Durham, N. C., 1944 ; *the same,* Nazi War Finance (= Our Economy in War. Occasional Paper 20: April 1944), New York 1944 ; *Spiegel, Henry William,* The Eco nomics of Total War, New York/London 1942 ; *Neumann, Franz,* Behemoth, Toronto/ New York/London 1942.

14 For example *Drucker, Peter F.,* The End of Economic Man, London 1943, also one of the creators of the "totalitarianism" theory.

15 See in particular *The Effects of Strategie Bombing on the German War Economy,* (ed.) United States Strategie Bombing Survey, Overall Economic Effects Division, Oct. 31, 1945, Washington.

16 In particular 11 *Wilmowsky, Til,o Frh.,* Warum wurde Krupp verurteilt? Legende und Justizirrtum, Stuttgart 1950 ; 11. *Knieriem, August,* Nürnberg – Rechtliche und mensch liche Probleme, Stuttgart 1953 ; *Ter Meer, Fritz,* Die I. G. Farbenindustrie Aktien gesellschaft. Its origins, development and significance, Düsseldorf 1953.

17 *Lochner, Louis P.,* Die Mächtigen und der Tyrann, Darmstadt 1955.
with the opportunity for even progressive-minded Americans to write accurate and truthful books on the subject long gone, such as clas by *Sasuly, Richard,* IG Farben, New York 1947; German: IG Farben, Berlin 1952 (GDR).

Cold War" initiated by the USA and Great Britain, the revanchist spirit under the cloak of NATO ideology, the subjective-idealistic approach ("Hitler is to blame for everything") and the most pretentious apologetics. While the economic-historical contribution of official historiography remained extraordinarily meagre in content and form for many YEARS[18] , a number of former Nazi and economic functionaries who had held responsible state-monopoly positions during the war, including proven war criminals such as Riecke, Kehrl, Bräutigam and Schwerin v. Krosigk, romped about in this field. [19] Their publications represented

open attempts at rehabilitation, written partly in an attitude of cautious neoliberal distance to one's own past (Weiter, Wagenführ), partly in a neo-Nazi manner directly as a guide for NATO and emergency planning in the event of new wars.

A particularly conspicuous and blatant rehabilitation of fascist occupation policy during the Second World War, including in the economic field, was carried out in the more than 20 studies by the Tübingen Institute for Occupation Studies.[20] The –

18 In several editions (first Hannover 1952 ; 4th ed. Stuttgart 1962) the booklet by *Treue, Wilhelm* (with the collaboration of *Günther Frede),* Wirtschaft und Politik 1933 -1945, is distributed in always unchanged reprints. Largely a compilation of quotations from fascist journals, this work already contains the complete apologetic basic concept of an economy subjected to "totalitarianism" and abused by Hitler, whose actual rulers – the monopolies – remain completely in the dark. Furthermore, *Stolper, GustaP,* Deutsche Wirtschaft 1870-1940, Stuttgart 1950, breaks off the investigation with the beginning of the war; continued in a new edition by Karl Häuser and Knut Borchardt u. d. T. Deutsche Wirtschaft seit 1870, Tübingen 1964

-(2nd ed. 1966). Among a number of works on special topics are *Treue, Wilhelm,* Gummi in Deutschland, Munich 1955 ; *Uhlig, Heinrich,* Die Waren- häuser im Dritten Reich, Cologne and Opladen 1956 (hardly about the war period) ; furthermore the approach of a synthetic presentation in *Fischer, Wolfram,* Die Wirtschaftspolitik des Nationalsozialismus, Hanover 1961 (brochure of 64 pages).

19 *Kehrl, Hans,* Kriegswirtschaft und Rüstungsindustrie, in : Bilanz des Zweiten Welt krieges, Oldenburg-Hamburg 1953 ; *Riecke, Hans-Joachim,* Ernährung und Landwirtschaft im Kriege, ibid ; *Schwerin* P. *Krosigk, Lutz Gf.,* Wie wurde der Zweite Weltkrieg finanziert? ibid. ; *Wagenführ, Rolf,* Die deutsche Industrie im Kriege 1939 — 1945 (1st ed. 1954 no author); *Welter, Erich,* Falsch und richtig planen, Heidelberg !954 ; *Huppert, Walter,* Wirtschaftslenkung, Meisenheim/Glan 1955 ; *Bräutigam, Otto,* Überblick über die besetzten Ostgebiete während des zweiten Weltkrieges (= Bd. 3 der Studien des Instituts für Besatzungsfragen, Tübingen), Tübingen 1957 ; *Federau, Fritz,* Der zweite Weltkrieg. Its Financing in Germany, Tübingen 1962.

20 see especially *Herdeg, Walter,* Grundzüge der deutschen Besatzungsverwaltung in den west- und nordeuropäischen Ländern während des zweiten ,veltkrieges, Tübingen 1953 (No. 1) ; *Bräutigam, Otto,* Überblick über die besetzten Ostgebiete während des zweiten Weltkrieges, Tübingen 1954 (No. 3) ; I'. *Streng, Heinz,* Die Landwirtschaft im General gouvernement, Tübingen 1955 (No. 6) ; *Ulshöfer, Otfried,* Einflußnahme auf Wirtschafts- unternehmungen in den besetzten nord-, west- und südosteuropäischen Ländern während des zweiten Weltkrieges, insbesondere der Erwerb von Beteiligungen (Verflechtung),

Tübing&#x0000;n 1958 (No. 15) ; *Gerber, Berthold,* Staatliche Wirtschaftslenkung in den besetzten und annektierten Ostgebieten während des zweiten '"eltkrieges unter besonderer

The institute – which has reportedly since been dissolved – was under the patronage of former Nazi diplomats and war criminals such as Otto Bräutigam and Werner Best and was regarded as an unofficial offshoot of the West German Foreign Office. The massive, legalistic and pointed apologetics presented in its publications with academic pretensions were intended to shield the now NATO-style "European" policy of the West German state and its representatives.

Reactionary West German historiography generally assumed the function of concealing the capitalist-imperialist nature of the German wartime economy, in particular its state-monopoly character and the criminal role of the monopolies. To this day, the German economy of the entire fascist period is largely described as a "totalitarian forced economy" under the dictates of the Nazi party, in which "free enterprise" was increasingly repressed and its initiative stifled. The "totalitarianism" doctrine provides her with a welcome means of

"forced economy" of fascism and fascism in general, without any regard for scientific accuracy and cleanliness, with socialism and with the socially planned economy, in order to present both with the manipulated illusions of the "free economy", the "open society", the "community of the free" and the "community of the free".

\Veit" etc. in the pregnancy. This rape of science is taken as a pretext for the attempt to treat the history of the economy from 1933 to 1945, or at least the history of the wartime economy, as a field of serious scientific research.

to eliminate any investigation at all. In some cases, the war period is not even considered worthy of scientific analysis.[21] In general, the numerous

In general historical overviews, the topic of economic history, at least for the wartime period, is largely omitted and almost ignored.

The history of the German war economy shows with incomparable intensity the traits of state-monopoly domination by finance capital; it reveals the insatiable greed for profit and expansion of the 11onopolies, their decisive participation in war planning and war target planning, their direct involvement in the theft of foreign property, in the exploitation of foreign forced laborers and concentration camp prisoners and in other war crimes. ..This is the most important reason for the general concealment and denial tactics of the reactionary bourgeois view of history – a form of deliberate falsification – especially in this area, where it is inevitably confronted with the research findings of Marxist historians.

In recent years, there has been a remarkable upsurge in the publication of economic history for the period from 1933 to 1945. Leading bourgeois historians such as I-lillgrubcr and .Tacobsen have for some time been explicitly calling for the economic and social history of the fascist period to be researched in more detail.[22] :\ Certainly it is the advances in Marxist research and the

Berücksichtigung der treuhänderischen Verwaltung von Unternehmungen und der Ostgesellschaften, Tübingen 1959 (Nr. 17) ; *Denzel, Rosemarie,* Die Chemische Industrie Frankreichs unter der deutschen Besetzung im zweiten Weltkrieg, Tübingen 1959 (No. 18) ; *Weinmann, Manfred,* Die Landwirtschaft in Frankreich während des zweiten \Velt krieges unter dem Einfluß der deutschen Besatzungsmacht, Tübingen 1961 (No. 20).

21 s. *Rubbert, Hans-Heinrich,* Die "gelenkte Marktwirtschaft" des Nationalsozialismus. A literature review, m : Hamburger Jb. f. \Virtschafts- und Gesellschaftspolitik, vol. 8 (1963). p. 23'1.

The pressure of their results, which have had an outstanding effect on t h e fact that bourgeois historiography is increasingly concerned with this field of research, which it had previously largely avoided.

The publications that have appeared so far can be roughly assigned to two different variants of bourgeois-imperialist ideology.

For the most part, the old, thickly applied apologetics are presented23 *, soaked in abundant, often interesting material. What Birkenfeld, more recently Janssen2' and to some extent Milward25 undertake is a massive attempt to save the honor of authoritative forces of the state-monopoly system of the war economy (Thomas, Speer, Krauch, Todt) and a predominantly positive "appreciation" of this system as a whole. Among the wealth of material provided, one searches in vain for precisely those facts and threads of development that are characteristic of the basic character of the German economy under fascism and during the war, as outlined above. Birkenfeld and Janssen continue the work of Kehrl, Bräutigam, Weiter and Wagenführ in a "serious" historical presentation and, with their basic theses, establish the direct link and transition to the omissions of neo-Nazi scribes such as Kannapin and* Pfahlmann26 *by way of a further "opening to the right".*

In the more or less clear realization that, under the pressure of Marxist research, more elasticity and certain concessions are necessary if one does not want to leave this area of research and ideological influence completely to the opponent, a growing number of bourgeois historians are also openly taking refuge in seemingly new theories, which are intended to create greater scope for an offensive stance towards Marxist historiography. In some cases, these historians and sociologists, who see themselves as a sociological-historical direction, explicitly distance themselves from the "conservative" schools, i.e. from the representatives of "totalitarianism" theory, and even fight against them on certain issues. In the field of economic and social development, they are often only "discovering" that many important historical events have taken place here.

The newer movement supplements subjective idealism with a variant of objective idealism in the view of history and historiography. In terms of the history of theory, this is a reception of neo-Kantianist views, particularly in the form of Max Weber's basic ideas on the philosophy of history and sociology,

22 s. **Jacobsen, Hans-Adolf,** *Zur Konzeption einer Geschiehte des Zweiten Weltkrieges 1939-1945, Frankfurt a. 1\1. 1964, p. 14 ;* **Hillgruber, Andreas,** *Hitlers Strategie. Politik und Kriegführung 1940-1941, Frankfurt a. M. 1965, pp. 73 note, 87, 531; Probleme des Zweiten Weltkrieges, edited by* **Andreas Hillgruber,** *Cologne/Berlin 1967, p. 11.*

23 *Especially* **Birkenfeld, Wolfgang,** *Der synthetische Treibstoff 1933-1945, Göttingen 1964 ;* **the same,** *introduction to :* **Tlwmas, Georg,** *Geschichte der deutschen Wehr- und Rüstungswirtschaft (1918-1943/45), Boppard 1966 ;* **Birkenfeld, Wolfgang,** *Deutsche Rohstoff politik im Zweiten Weltkrieg, Göttingen (announced).*

24 **Janssen, Gregor,** *The Speer Ministry, Frankfurt a. M./Berlin (West) 1968.*

25 **Milward, Alan S.,** *The German War Economy 1939-1945, Stuttgart 1966. Original ed. : The German Economy at War, London 1965).*

26 **Kannapin, Hans-Eckhardt,** *Wirtschaft unter Zwang, Cologne 1966 ;* **Pfahlmann, Hans,** *Foreign workers and prisoners of war in the German war economy 1939-1945. Darmstadt 1968.*

This theory also applies to philosophers, sociologists, economists and "political scientists".27 This theory singles out certain groups and factors – such as the "economy", party, Wehrmacht, ministerial bureaucracy, or, more differentiated, large-scale industry, SS etc. - and allows them all to be involved in the historical process as more or less "autonomous groups" (Nolte). - and allows them all to be involved in the historical process as more or less "autonomous groups" (Nolte). Such groups – as preconceived ideas, ideal types – can now be combined in the most diverse ways and the overall historical process can be manipulated to a great extent in this way.

Weber's theory of categories and types as well as his postulate of the "value-free nature of science" and its categories make it easier for its advocates, especially in the field of economic history, to take note of facts and scientific statements, for example about the role of the monopolies, about their cooperation and growth with the fascist state, etc., but to process them in such a way that their existence as

value-free", i.e. as class-indifferent. Any revolutionary application of this is thus condemned as unscientific.

Arthur Schweitzer is a declared supporter and the most prominent representative of this direction in the field of economic history.[28] The Max Weher reception also determines the line of important recent West German publications.[29]

On closer inspection, however, the conclusion reached by the newer school of thought in its assessment of the fascist period is almost identical to that of the

"conservative" advocates of the "totalitarianism" theory. Transitions between the two variants are also easy to identify. Either the "classes", groups and power factors are broken down and differentiated further and further until only subjectivism and personalistic arbitrariness remain as principles for explaining historical processes; or one power factor is allowed to continue to displace or disempower the other, one "autonomous grouping" the other, until – from Nolte to Schweitzer – the "party" retains the field and thus the thesis of the totalitarian party dictatorship is retablished.

Undoubtedly, however, the "sociological-historical" direction must be qualified as the more elastic and, precisely because of its scientific appearance and operation with scientific concepts (classes, interest groups, power factors), as a rather more dangerous variant of bourgeois-imperialist historiography. As a means of theoretical softening, ideological and methodological infiltration, it will claim the increasing, heightened attention of Marxist historians.

27 see *Streisand, Joachim*, Max Weber : Politik, Soziologie und Geschichtsschreibung, in : Studien über die deutsche Geschichtsschreibung, vol. 2, Berlin 1965 ; *Rose, Günther*, Zur Genesis und Funktion der Theorie der "Industriegesellschaft", in : Zeitschrift für Geschichtswissenschaft, H. 1/1967, p. 21ff.

28 *Schweitzer, Arthur*, Big Business in the Third Reich, Bloomington, Ind., 1964 ; by Schweitzer's numerous essays see bsd. *the same*, Business Power under the Nazi Regime, in : Ztschr. f. Nationalökonomie, H. 3-4/1960, p. 414ff. – In Anglo-American historiography, the influence of bourgeois sociology, especially of the Weberian school, is neither isolated nor a novelty; see, for example, the works of Hallgarten.

29 Particular mention should be made of *Hillgruber, Andreas*, Hitlers Strategie. Politics and war führung 1940-1941, Frankfurt a. M. 1965 ; *Petzina, Dieter*, Autarkiepolitik im Dritten Reich. Der nationalsozialistische Vierjahresplan, Stuttgart 1968 ; see also *Schulz, Gerhard*, Geschichtliche Theorie und politisches Denken bei Max Weber, in : Viertel jahrshefte für Zeitgeschichte, H. 4/1964, p. 325ff.

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